

PROCEEDINGS
OF
SPECIAL MEETING

OF THE
Manufacturers' Association

OF ONTARIO

HELD AT ST. LAWRENCE HALL, TORONTO,

25th and 26th November, 1875.

To which is added the letters of W. Dewart, of Fenslon Falls,
on Free-Trade and Protection.

Toronto :
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1875

The Manufacturers' Association of Ontario.

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OFFICE—37 SCOTT STREET, TORONTO, ONT.

THE HUMANITARIAN ASSOCIATION OF CANADA

1914-1915

REPORT OF THE ASSOCIATION FOR THE YEAR 1914-1915

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Manufacturers' Association of Ontario.

TORONTO, ONT., *December 3rd., 1875.*

I have the honour to transmit for your information a Copy of the Preamble and Resolutions passed at a meeting of the Manufacturers' Association of Ontario, held in this City on the 25th and 26th of November.

I have the honour to be,

Your obedient servant,

W. H. FRAZER,

Secretary.

Some weeks ago a circular was issued to the manufacturers of Ontario, asking them to meet in St. Lawrence Hall, Toronto, on the 25th of November, to take into consideration the present depression in trade, and the best means necessary to restore it to a healthy state. Accordingly, a large number of gentlemen from all parts of the Province and some from distant parts of the Dominion, assembled at the place named, yesterday morning at eleven o'clock. Among the manufacturers present were :—Messrs. H. T. Smith, E. Wilby, James Morrison, John Cape, John Fensom, F. E. Dixon, O. Wilby, Hugh Bain, Robert Bain, A. Dredge, C. H. Warren, R. L. Cowan, J. S. McMurray, W. L. Matthews, Robert Barber, jr., Benjamin Lyman, W. H. Howland, William Wrigley, John Turner, A. K. Lauder, Thomas Saunders (of J. and J. Taylor), R. W. Sutherland, John Ritchie, jr., George B. Stock, E. Gurney, jr., of Toronto ; L. H. Brooks, Stephen King, J. H. Davis, H. Burkholder,

Wm. Edgar, James McArthur, Wm. Burrows, J. N. Tarbox, S. E. Townsend, and A. Jamieson, of Hamilton; George Moorehead, London; John Wardlaw, Wm. Young, J. G. Mowat, Robert Scott, Galt; Robt. McKechnie, Dundas; Wm. Barber, Robert Barber, senr., J. S. Statten, Streetsville; William Bell, Wm. Wilkie, John Jackson, Guelph; J. Riorden and R. H. Smith, St. Catherines; S. B. Bradshaw, J. McClung, W. H. Horsey, Bowmanville; John R. Barber, Georgetown; Thomas Ambrose, William Craig, J. G. King, Port Hope; A. S. Whiting, W. T. Cowan, Oshawa; Young, McNoughton & Co., and A. T. Higginson, Montreal; H. Farrington, Norwich; L. Routh, Port Dover; Geo. Smith, Weston; E. R. Shorey, Napanee; W. Ramsay, Orillia; James Smart, Brockville; B. Rosamond W. Rosamond, Almonte; N. F. Brown, Whitby; John Ross, Norval; T. Despona, Springfield; Robert Waugh, Ancaster; Robinson & Robertson, Harriston; Waite & Dolan, Merriton. There were also present during the day Mr. John Macdonald, M. P.; Hon. J. B. Robinson, M. P.; Mr. Samuel Platt, M. P.; Professor Goldwin Smith, Mr. W. A. Foster and Mr. F. C. Capreol, of Toronto; Mr. A. T. Wood, M.P. and Mr. Æ. Irving, M.P., Hamilton; and Mr. W. A. Thompson, M.P., Welland.

ELECTION OF CHAIRMAN.

On motion of Mr. B. LYMAN, Mr. W. H. Howland was elected Chairman of the meeting.

The CHAIRMAN made a few remarks expressive of his sense of the honour of being elected to so important a position, and hoped all the proceedings would be conducted without party or political feeling, and without exaggeration, and solely from a business point of view.

APPOINTMENTS OF COMMITTEES.

The following standing committees were then appointed:—

Resolutions and Order of Business—Messrs. Booth, Smart, Staunton, W. Bell, Rosamond, J. R. Barber, T. B. Bickle, W. Barber, C. H. Warren, E. C. Jones, E. Gurney, B. Lyman, Lavignay, and S. R. Michen.

Finance and Organization—Wm. Mickers, R. H. Smith, John Riorden, S. B. Bradshaw, A. Elliott, T. N. Gibbs, W. Craig, Irving, and L. H. Brooks.

The meeting then adjourned till the afternoon.

AFTERNOON SESSION.

Mr. HOWLAND took the chair at about three o'clock. On doing so, he said he was sure they had all felt, since the last meeting of manufacturers, that there had been a great change of opinion

throughout the country, and that the free trade feeling had very much lessened. Those who then held free trade views had come to the conclusion, since they had seen the decided depression in manufactures, and the injury done to capital and labour thereby, that their extreme Free-Trade views were not applicable to this country. He was satisfied that the general sense of the country at the present time, if it could be properly ascertained, would be found to be largely in favour of assisting and promoting manufactures. It should be understood that what we were fighting against was not the English manufacturers, but the American—(applause)—and against American manufacturers because our injury was caused by their enormous tariff, which protected them from attack from our side. Any steps that the manufacturers might take towards promoting the employment of labour in this country should be called, he thought, clearly and positively, a national work—national in the largest sense, and in the interests of this country as a part of the Empire. He thought they should take a broader ground than they had done before. Where manufacturers had failed in exciting interest, and in getting people to take up their cause, was that they had limited it to a too narrow compass. They had to include other interests in the fight they were conducting, such, for instance, as those of the millers and the agriculturists. Under the present tariff, American products of the soil, and those which were ground in the mill, were admitted free. There were certainly no classes who needed protection more than our farmers and millers—(applause)—and they should be got to work with the manufacturers, for the two interests were associated. The only difficulty was in getting the farmers to see this, and that in fighting against the large American protective tariff the manufacturers were fighting in favour of the farmers as well as of themselves. (Hear, hear). To use a pugilistic phrase, manufacturers' hands were tied behind them, and if the condition of affairs was known in the country, the people would see that such a defenceless position was one which it was the duty of the Government of this country to alter as quickly as possible. (Cheers.) There was another question which the meeting should discuss, namely, that of emigration. We had spent enough money in emigration to pay all the extra taxes which would be imposed by making a larger protection of the manufacturers of the country; and he was very sorry to say there was too much ground for the statement that had been made that we have encouraged emigration, and deluded the emigrant. (Hear, hear). We had no right to ask for emigration when we had not employment enough for our own people, and we knew that from this cause the emigration from Canada to the United States was very large during the past year, and was likely to increase. We should do everything we could to preserve our emigrants, and if we expect to make this country what it should be, we certainly should not let the industries

be destroyed which were necessary to the promotion of emigration on any sort of principle. In regard to fighting the American tariff there should be no hesitation on the ground of the existence of any probabilities at present of obtaining reciprocity. The Americans were too shrewd to allow us any such expectation. They had shown a great deal of sense in working up their own industries, and he thought they could not perpetrate such a folly as to give the people who are so anxious for reciprocity, the benefit of their large market for nothing. In dealing with the American tariff, he was not acting with a feeling of retaliation. He did not think we ought to impose the same duties as those of the Americans, for we might be pursuing an unjust course towards those goods which we cannot produce in Canada. But we could assimilate our tariff to theirs, so that the industries of the two countries would be on an equal footing. He was in favour of returning to the Galt tariff of 1869. It was under this tariff that our industries got a start forward, and if it existed now, we would not have the condition of things that we have to-day. In the case of iron: we were quite capable of producing our own iron; and he thought, considering the duties on raw material, it would be only fair if a larger tariff were placed on manufactured goods. Taking a broad view of the whole question, the manufacturers must interest the whole country in it, and show that what was their interest was the interest of the whole community. They must pursue a moderate course if they wished to succeed, and they must feel that what they were doing was a national good, and that they would not be adding to the taxes of the people without giving them an equivalent. (Applause.)

Mr. B. LYMAN, of Toronto, Chairman of the Committee on Resolutions, said the Committee had not yet been able to agree to any resolutions for submission to the meeting, but they hoped to do so in the evening.

Mr. E. GURNEY, of Toronto, thought the best plan would be for private members, apart from a committee, to move any resolution.

The CHAIRMAN said he might read the preamble which had been prepared, as follows:—

PREAMBLE.

Whereas in the Dominion of Canada, nearly all manufacturing interests are at present in a state of great depression, beyond any former experience since this was known as a manufacturing country, much distress and suffering from want of employment prevailing in consequence, while the tide of emigration has been turned, and while over importation of foreign goods has of late made a very heavy drain upon our resources:

And whereas, while it is true that commercial depression exists in Great Britain and the United States, as well as in Canada, the case is at the same time a far worse one here than in either of the former two countries, Great Britain having commercial connections of vast extent, reaching to the markets of all the world, and the United States having a system of high protection which secures

the home market for home producers ; while Canada, lacking both the foreign export connections of Great Britain and the secure home market of the United States, is between two fires, and suffers accordingly :

And whereas the case of Canada is one without parallel in the world, being an example of comparative Free Trade on one side of a frontier thousands of miles in extent, with very high protection on the other, a condition of things most unfair to the people of the Dominion :

And whereas it is understood that the Imperial Government concedes to us the liberty of framing our commercial policy to suit the peculiar circumstances of the Dominion :

And whereas, while the enormous disadvantage at which we, with almost Free Trade, have been placed through the adoption of an uncompromising system of high Protection by our enterprising neighbours, which was for many years masked by the vast industrial disturbance created by the late civil war and enduring long after its close—is now, through the return of normal conditions in the United States, showing very conspicuously its nature.

And whereas, the principle of incidental protection to home manufactures is a sound one, being in its operation calculated to meet revenue requirements, while stimulating industry generally, and furnishing diversity of employment to the people, and is especially adapted to the circumstances of a new country like Canada.

Mr. WM. WILKIE, of Guelph, opposed the idea of a committee of mixed interests bringing forward acceptable resolutions. He proposed that committees composed of representatives of the different interests should be appointed, as had been done at the meeting in Ottawa two years ago. That was the only means whereby a correct idea of the needs of all parties could be obtained.

The CHAIRMAN here announced that a gentleman could only be permitted to speak once.

Mr. LUKES moved that the meeting form itself into a Committee of the Whole to consider the question as stated in the preamble. He went on to say that the interest he represented had heretofore been ignored among manufacturers. He believed he was the first miller in Canada invited to a manufacturers' meeting. (Hear, hear.) If the manufacturing interests were not united with those of the miller and agriculturist, they would not succeed in obtaining protection, for they were all interested in the general weal of the country.

The motion was seconded and carried.

Mr. E. GURNEY then introduced

Mr. C. H. WARREN, of Toledo, Ohio, who said he came before them as an American manufacturer, being the proprietor of an establishment in that city for the manufacture of wooden kitchen goods. He spoke of the large quantities of these goods which were brought to Canada from the United States. They might just as well be made here, and American manufacturers were waiting and looking for the establishment of a specific duty in Canada, so that they could come here and manufacture the same goods. (Applause.)

Mr. W. BARBER, of Streetsville, said we in Canada were suffering for the enrichment of England and the United States. American

goods were flooding our markets, while the manufacturers here were stagnated. What were we paying money to encourage emigration for, when our emigrants went to the United States? (Hear, hear.) He pointed to the effect of the imposition of a protective tax on salt, which was formerly imported from the United States; but now it was produced here, and could be bought at a much cheaper rate than formerly. This was a benefit to farmers through protection. We should build up other industries in the same way, instead of sending our money out of the country to buy goods elsewhere. He referred to the fact of a prominent distiller who bought his grain in the United States because there was no duty imposed on it, thus enriching the American farmers while our own could not obtain a market. He expressed himself in favour of a twenty-five per cent. tariff, and advised unanimous action in approaching the Government. In doing so, they should say to them, "If you do not give us a proper tariff, we will try and get those who will." (Loud applause.) He did not care who was at the head of the Government, so long as they obtained protection.

Mr. WM. M. HORSEY, of Bowmanville, said he would certainly go for protection. The iron trade, which he represented, you would find in a very depressed state in the country to-day. Our market was flooded with American machinery, and the prices which were realized a few years ago could not be touched now in consequence. The only way to check this would be a strong protective tariff. No sensible man would to-day embark in an enterprise in which he could not compete on equal grounds with the Americans. (Hear, hear.) But establish protection, and turn the tide of emigration by offering inducements to mechanics to come to this country, instead of throwing hundreds and thousands of our own people out of employment, as at the present time. A great many of the manufactories were now either shut down or working on half time, and a larger portion would have to do so unless we obtained protection. (Applause.)

Mr. W. BARBER pointed out that even our Canadian school books were printed in England and brought out here to be bound.

Mr. STAUNTON asked how much duty was paid on them.

Mr. BARBER believed it was five per cent. instead of what it should be, twenty-five. Almost everything else suffered in the same way.

Mr. MCKECHNIE said that at the meeting held in the Rossin House, two years ago, it was resolved to ask for twenty-five per cent., but the Government only gave them an additional two and a half per cent. None of our manufactories were working full time, and an enormous quantity of men were out of employment. He ridiculed the plea that this was the result of over production. The manufacturing interests had to contend with a great many influences: such as the English manufacturers who wanted Canada as a market

for their goods ; the Americans ; and the theories of politicians who only discussed the matter as a philosophic theory, and not as a live interest. (Hear, hear.) They were there to ask the Government for a larger tariff, and he advocated twenty-five per cent. He was greatly pleased with a remark made by Sir Alex. Galt in Montreal the other day: that we should meet the Americans with a tariff like their own—put on dollar for dollar, and that would be Free Trade ; and we would be able to compete with the Americans. But as to a theory of Free Trade on the part of a country of four millions of a population with a country of forty millions, and a heavy protective tariff, that was a theory that could not be worked out. (Cheers.)

Mr. LYMAN said he was one of a deputation that went to Ottawa to see the Finance Minister, and he (Mr. Lyman) warned him against just what has happened through the Americans flooding our markets with their goods. "Oh," said Mr. Cartwright, "we are going to have reciprocity." "But," said Mr. Lyman, "reciprocity you will never get." "Oh, yes," he said, "Mr. Brown has gone to Washington about it now." (Laughter.) Now, there was one interest, that was not suffering in this country, for it was protected by a twenty-five per cent. tariff. That was the patent medicine interest, which was flourishing ; and American manufacturers had established factories all over the country from London to the Lower Province. We wanted protection for the success of other interests, and if the present Government would not grant it, we would have to try another set of fellows at the head of affairs. (Applause and laughter.)

Mr. PERINE, of Doon, thought if protection were made a political matter we should be more likely to obtain it from the Government. He had had conversations with a great portion of the farming community, and they agreed that it was only fair that Canadian manufacturers should be placed on an even platform with those of the Americans. If the Government gave us protection, he would guarantee to double his business within two years. Trade would regulate itself. He was not a high protectionist, but he wished to see the country built up irrespective of any party. (Hear, hear.) He looked on the farming and manufacturing interests as one, and advocated united action. It was to the interest of England to stop every wheel in the Dominion ; but were we going to sit supinely by and let her do so ? We should consider our own interests first, even at the expense of English manufacturers.

Mr. GEO. MOOREHEAD, of London, thought the meeting should simply enter its protests against the tariff, which was evidently, to a great extent, the cause of the present depression in trade. He expressed himself as favouring what he termed a reciprocity tariff, and acting in the matter apart from all political feeling.

After remarks from Mr. A. T. Wood, of Hamilton, and Mr. Watt.

Mr. H. FARRINGTON, of Norwood, said he was an American, having come to this country ten years ago to carry on the manufacture of cheese. If the unanimity of opinion expressed at the present meeting was an indication of the feeling throughout the country, he was astonished that they had not obtained a protective tariff long ago. He believed farmers were deceived by designing politicians into the belief that protection would not benefit them; whereas by it there would be a great increase of population, and the farmers would have a market at their very doors.

After a few words by Mr. WILBY, Toronto,

The CHAIRMAN presented a report from the Committee on Organization and Finance, giving the time of meeting; recommending that some steps be taken with a view of having the Manufacturers' Association represented at the meetings of the Dominion Board of Trade; and stating that the present time was opportune for the formation of electoral division societies throughout Ontario.

The meeting then adjourned till ten o'clock this morning, when it is expected the Committee on Resolutions and Order of Business will be prepared with something to recommend for the adoption of the meeting.

AN IMPORTANT MOVEMENT.

The Committee on Resolutions sat up to a late hour in the Rossin House last night. It is understood that one of the resolutions to be submitted to-day will recommend the imposition of duties on the production of foreign countries—the mother country not being counted such—exactly equal to the duties imposed by each foreign country respectively on similar Canadian productions, but never less than on British goods. It will imply, for example, that supposing our general tariff rate were 25 per cent., which would be charged on British goods, we would impose on American goods and produce 30, 40, or 50 per cent., or any figure required to correspond with the American tariff. The debate to-day on the question as between 20 and 25 per cent. is likely to be a lively one.

ADJOURNED MEETING.

The proceedings of the Ontario Manufacturers' meeting were resumed yesterday forenoon in the St. Lawrence Hall, Mr. W. H. Howland in the chair. Between ninety and one hundred manufacturers were present. Communications were read:—From Mr. James Watson, Hamilton, President of the Association, expressing regret at his being unable to attend in consequence of domestic affliction; from Mr. P. Kyle, Merrickville, expressing sympathy with the objects of the meeting; from Mr. W. J. Patterson, Montreal, inviting co-operation with the Dominion Board of Trade; and from Messrs. McPherson, Glasgow, & Co., Fingal. Want of space compels us to omit all but the last, which is interesting from its directness of statement:—

HAMILTON, 24th. Nov. 1875.

W. H. Fraser, Esq., Secretary, Manufacturers' Association:

SIR,—I much regret that owing to the death of one of my children I will be unable to take part in the meeting to be held to-morrow. The importance of the meeting should be felt by every manufacturer, and I trust that the attendance will be a good one, and that some practicable result will be obtained. I trust that in discussing the various causes of the present depressed state of the country, it will be borne in mind that the rapid development in manufacturing during the past few years is almost entirely due to the peculiar position of the United States from the commencement of the late civil war. Owing to the enormous expenditure required to carry on the war, and bring it to a successful issue, it was found necessary to increase the Customs' tariff to a very great extent. An internal revenue tax was put upon almost all branches of business, and owing to the increased price of living, and the depreciation in the currency, the price of labour advanced enormously. All these combined had the affect of increasing the cost of manufacture, that practically it had the effect of giving us our own market to ourselves, without the fear of any competition from that country. The financial crisis of the last two years has reduced the cost of manufacturing in the United States very much indeed, as the price of labour has decreased and the values of all classes of goods and material of every kind have gone down; and the United States of to-day are as able almost to compete with us as they did before the war, and the question is simply this: can we compete with them? In one sense we would answer, that we can do this—meaning thereby that we can produce goods almost as cheap as they can—in many kinds of manufacture, and with a larger market could produce as cheap, if not cheaper; but our market is so small that we cannot compete with any country that is in the habit of selling their surplus stocks to countries outside of themselves at prices much lower than they ask from their own people, and with a small population of four million people a very small importation of surplus manufactures from the United States, with a population of forty millions of people, is sufficient to destroy our markets, and make it impossible for manufacturing to be carried on successfully. Had we ten millions of a population our market would be steadier, as the slaughtering of goods would not keep up with the increase of population, but would diminish in power as we grew in strength. It should be our aim, therefore, to have a tariff so framed that our own Dominion should be enabled to progress year by year in solid prosperity; and as generally speaking

all the most available farming lands have been taken up and settled upon, it is in the interest of all classes of the community and especially the farmer—(who by the way, I am glad to see is gradually coming to see that a country's prosperity is as much dependant upon its manufacturing industries, as on its agriculture) to endeavour, so to foster our country's industries, that we can induce the emigrant to come here to settle with the fair prospect that he can do well—and whether he be a mechanic or an agriculturist, that there is an opening for him. The increase of population to this country is now almost entirely dependent on the progress of prosperity of its manufacturing interests, and if these interests are neglected and the manufacturers become crippled and left to look after themselves, the bulk of them will leave the country, and Canada having lost its own self-respect, will gradually sink into the arms of the United States as a country unable to develop itself, although adjoining a public developed from nothing, but which the patriotism of the people has raised with a rapidity unparalleled in the history of the world. When our people come to believe in the idea that Canada must progress, *cost what it may*, not until then will we have Canadian patriotism, and not until then will Canada have a national existence.

I remain, dear Sir,

Yours truly,

JAMES WATSON.

The following preamble and resolutions, adopted by the Committee the night before, were then read :—

RESOLUTIONS.

1. Be it therefore resolved : That in view of the fact that no duties are imposed on American products of the soil entering this country, while nearly all Canadian products are heavily taxed when sent to the markets of the United States, we do most emphatically protest against the interests of our farmers, millers and other producers, being sacrificed in this way; and that, while desirous of seeing a fair reciprocity of trade in these articles between the two countries restored, Canada cannot suffer American products to enter her markets untaxed as long as a heavy toll of custom duties is levied on all our products seeking a market in the United States.

2. Further, whereas for many years past it has been the settled policy of the Government of Canada to adjust our Customs tariff with reference to the necessity of collecting a sufficient revenue to meet the obligations of the country:

It is the opinion of this meeting, having due regard to the fluctuations in values in the various countries wherefrom we draw our importations, and with the desire to foster direct trade with Great Britain :

That upon the classes of articles which are now manufactured in the Dominion, such revenue will be best secured by increasing by two and one-half per cent. the rates now levied on all such classes as are imported from Great Britain and Ireland: and in respect of the same classes imported from all foreign countries, no less rate of duty shall be levied than is imposed by said foreign countries respectively against like classes of articles imported into such foreign countries, if of the manufacture or production of this Dominion.

3. That the Dominion Government be petitioned to enforce the strictest possible administration of the revenue laws: adopting the most stringent regulations,—abolishing altogether, or allowing in only few and very clear cases, the practice of suffering entries to be amended, which encourages the making of attempts to defraud the revenue with but little risk in case of failure; reducing materially the number of small ports of entry; and making the law itself more precise, if necessary, in order that fraud and undervaluation at the custom

houses—now believed to be carried on to a large extent—may be effectually stopped, as a measure of justice to the honest importer as well as to the home manufacturer.

4. Whereas, the labourers of the Geological Survey have clearly demonstrated that the Dominion abounds in vast deposits of economic minerals of priceless value to a young country, and these labours are being daily supplemented by private enterprise and exertions, more particularly in the iron minerals ;

And whereas, the history of other countries older than our own has shown that the development of such resources has been a great motor in the progress and advancement of such countries, and has conducted more to the material prosperity of a country than almost any other branch of industry ;

And whereas, it appears, *exempli gratia*, that Sweden and Norway, not to mention England, have attained their present position more by the proper development and encouragement of the iron industry, than from any other cause ;

And whereas, the heretofore and existing neglect on the part of our community, of the proper development of its mineral resources, is being brought prominently before our eyes, by the exportation of vast quantities of raw material products to manufacturers in the United States ; and we are confronted with the spectacle of these same deposits being returned in our midst, in a manufactured form, and sold to our people, while thousands, whose necessities might be met at the present juncture by the assistance and encouragement of such manufactories amongst us, are suffering from the apathy that exists in this respect ;

And whereas, in consequence of the promises, and in view of the boundless and startling affect of a policy of protection to manufacturers exhibited across our borders in the building up of the United States, and in a similar manner in the employment of surplus labour, retention of capital within its borders, and the reflex action of it upon trades of all kinds :

Resolved, therefore, that for the carrying out of the spirit of the preamble and encouraging the introduction of capital into the Dominion for the development of the iron, trade and utilizing our iron ore, this meeting recommends a specific import duty of two dollars per ton on pig iron, together with a bonus from the Government of two dollars per ton on all iron produced in Canada from the ore, guaranteed for ten years from 1st July, 1876.

Resolved, That the Manufacturers' Association of Ontario be affiliated with and represented in the Dominion Board of Trade ;

That this meeting recommends the establishment by the Government of a Dominion Bureau of Manufacturers and Commerce, with the view of securing, among other things, full and reliable statistics relating to the same ;

That this meeting recommends the formation of local associations of manufacturers in the various electoral Divisions ;

That this meeting learns with much satisfaction that the Dominion Government is about to establish direct communication with the West Indies and South America ;

That this meeting desires to draw the attention of the manufacturers of the Dominion to the new facilities about to be afforded for direct trade with the West Indies and South America ; also of the importance of a full representation of Canadian products and manufacturers at the Philadelphia Centennial Exhibition.

BENJAMIN LYMAN,
Chairman.

Mr. LYMAN moved, seconded by Mr. Simpson, that the word "incidental" in the last paragraph of the preamble be left out.
Lost.

Mr. GURNEY moved, seconded by Mr. Booth, that the preamble be adopted. Carried.

Mr. MOOREHAD moved, seconded by Mr. Morrison, that the first resolution be adopted. It was adopted, with the words "in these articles" added to the original draft immediately after the words "desirous of seeing a fair reciprocity trade." This amendment was suggested by Mr. Simpson. The addition of the word "nearly" before the words "all Canadian products" was suggested by Mr. Craig.

The adoption of the second resolution was moved by Mr. W. B. HAMILTON, seconded by Mr. Lyman.

Mr. SIMPSON, (Toronto), was afraid the friends of this resolution had not fully considered the effects of it. The preamble and the resolution were not consistent. While the preamble was for incidental protection, the resolution proposed an increase of duty to the amount of $2\frac{1}{2}$ per cent. for revenue purposes; and he believed the whole of that meeting was favourable to the principle of incidental protection. (Applause.) He moved, seconded by Mr. Rogers, to amend the resolution by making it read "such revenue *and such protection* will be best secured," the words in italics being a proposed addition; also by adding after the words "trade with Great Britain," the words "and that in the adjustment of the tariff the principle of incidental protection to our manufacturers should be fully recognized."

Mr. CRAIG (Port Hope) moved, seconded by Mr. Robert Barber, that the existing tariff be increased by $7\frac{1}{2}$ per cent. instead of $2\frac{1}{2}$.

Mr. ROGERS, in seconding the amendment of Mr. Simpson, said he merely wished the principle of protection clearly recognized. He agreed with the gentleman who had just moved an amendment that $7\frac{1}{2}$ per cent. would be preferable to $2\frac{1}{2}$ per cent.

Mr. CRAIG said he had considerable knowledge of the wool manufacturing business, and he asserted that there was no business in the country which deserved protection more than that. Importers endeavoured to crush out that manufacture in Canada, and brought into the country inferior goods to compete against ours, which they could do by selling them at lower prices.

Mr. ROBERT BARBER (Streetsville) said that he was a member of the Committee which drew up the original resolution, and wanted the duty put at $7\frac{1}{2}$ per cent., but the rest of the Committee voted him down. The woollen manufacturers could not live in the country under a protection of $2\frac{1}{2}$ per cent. additional. It was not the competition of goods of equal quality to Canadian goods that the Canadian manufacturers suffered from, but the competition of goods of inferior quality, which were sometimes imitations of Canadian goods, and the Canadian woollen manufacturers should have protection to the extent of 25 per cent. against the importation of these goods.

Mr. COWAN (Oshawa) referred to the sending recently of various descriptions of American goods to the English market, to show

that in time the manufacturers of a country in which a system of Free Trade existed would suffer from outside competition. He referred to the exportation of cheese from this country, and said the fact that we were able to build up so large an exporting trade in this article was owing to the Government wisely putting a heavy import duty of $33\frac{1}{2}$ per cent. on foreign made cheese.

Mr. WICKET (Brooklin) said it would be seen that there was a diversity of opinion with regard to the tariff among manufacturers of different sorts of articles. There was no use in their asking for a tariff of 25 per cent., for they knew the Government would not give it. He thought $7\frac{1}{2}$ per cent. increase would be too much to ask; but he would be willing to ask for 5 per cent., though at the meeting of the previous evening he voted for $2\frac{1}{2}$ per cent.

Mr. LYMAN said they should let the Government know just exactly what they wanted, and not be beating about the bush. He thought they should ask the Government to put the same duty on American goods which the American Government put on ours. (Applause.) The latter might retaliate by imposing a little higher duty on our grain; but that would not matter much, as it was the English market which ruled the prices of grain throughout the world. Mr. Mackenzie, the Premier, had asked him how the Government would obtain money to carry on the business of the country if they put on such duties as the manufacturers wished for, and he (Mr. Lyman) told that gentleman that the imposition of such duties would have the effect of bringing thousands of persons into the country who would buy large quantities of goods which Canadians could not manufacture, and the duty on these would make up the difference. He (Mr. Lyman) believed that if the Government adopted such a tariff as the manufacturers asked for they would not have to be going to England so often as they now did to borrow money. (Applause.)

Mr. Æ. IRVING, M. P., said that it was nonsense to suppose, as some persons did, that there is a treaty which prevents our Government imposing discriminating duties against the manufacturers of other countries; but the Governor-General was instructed, if our Parliament adopted a tariff of that character, to reserve it for the Crown to pronounce upon. The fact of his Excellency being so instructed, he (Mr. Irving) took it to be a proof that our Parliament has the power to impose discriminating duties. With reference to the resolution then before them, he said it was not exactly the one which he and the other gentlemen who composed it would have drawn up if they had had the power to pass an Act of Parliament on the subject, but was adopted as the one which was likely to be the most popular throughout the country and to draw votes. If they could get the Government to recognize the difference between legitimate trading and the making of Canada a slaughter market for foreign manufacturers, they could then, with

more prospect of success, go on and endeavour to obtain the remedy for the evil they complained of.

Mr. SIMPSON'S amendment was then put and carried.

Mr. CRAIG'S amendment was also put and carried.

Mr. FRAZER enquired was it not possible that all their deliberations might come to nothing by their asking too much. In conversation with large numbers of manufacturers throughout the country lately, he had ascertained that they would be satisfied with a tariff of 20 per cent. and therefore he thought they had better agree upon that rate. If they asked for 25 per cent. they might not get anything.

Mr. SIMPSON said he agreed with what had been said to the effect that much had been gained if they could obtain recognition on the part of the Government, of the principle of differential duties; but he did not approve of what Mr. Frazer had said. The manufacturers had been too long asking on the principle advocated by that gentleman, and their efforts had not been crowned with success. They had found that the Government did not appreciate modesty on the part of the manufacturers. If they went to the Government one year and asked for a tariff less than they wanted, and then went the next year and asked for an increase, the Government would say, "Why, they are never satisfied." The manufacturers wanted a tariff of 25 per cent.; nothing else would satisfy them, and they should ask for that at once. (Applause.)

The meeting then adjourned until two o'clock, the Music Hall being announced by the chairman as the place where the afternoon sitting was to be held.

AFTERNOON SESSION.

The Association met at half-past two in the Music Hall.

THE CHAIRMAN called on the meeting to resume the discussion on the second resolution respecting the advisability of an additional $2\frac{1}{2}$ or $7\frac{1}{2}$ per cent.

MR. ANDREW FLEMING, Almonte, as a woollen manufacturer, was in favour of accepting the resolution as it originally stood.

Mr. STAUNTON agreed with that, and the debate was re-opened on the original resolution.

The resolution was then put and carried, which disposed of all amendments before adopted.

The third resolution was moved by Mr. Moorehead, seconded by Mr. Bell, and carried unanimously.

The fourth resolution was moved by Mr. Savigny, and seconded by M. Staunton.

Mr. HALLAM moved that the word "criminal" be expunged from the fourth preamble of the resolution, which was done.

Mr. SAVIGNY, the mover, said he had noticed in his researches through the country enormous iron deposits, and had often wondered why no steps had been taken to develop the trade. The iron

trade in all countries was a very expensive one to begin ; anthracite coal furnaces, in fact, could not be established with a less capital than \$175,000 or \$200,000 ; and it was only by protection that the trade could be fairly established. He had collected specimens from no less than thirty-five iron mines in Ontario for exhibition at the Centennial, and he found that the only five mines which were working were in the hands of Americans. The latter, with a clear eye to their own interests, had purchased all the mines along the lines of railroad. If a duty was placed on manufactured material coming here from the States it would force the Americans to bring their capital here and manufacture our own raw material for our own use. (Applause.) The speaker read an extract showing the progress of the iron trade in England from 1670, showing that it was by high protective rates that the trade was established. In one instance a fine of £200 for exporting iron machinery, out of the country was imposed. The history of the trade in England showed that protection would bring the cheapest trade in the long run. There was no coal in this Province available for smelting, but anthracite coal can be delivered along the Ontario frontier as cheaply as in any of the States, except Pennsylvania. He had been assured the other day by a coal mine manager that the coal owners were prepared to deliver anthracite coal at Kingston for \$5.50 in gold per ton. As for charcoal iron, Canada ought to take the place of Sweden, which for a long time has supplied England.

Mr. JAMES WARNOK, of Galt, as an edge-toll manufacturer, said the business in which he was engaged was suffering most severely all over the country from the anomalous duties. They paid a duty of $7\frac{1}{2}$ per cent. on raw material, and all the protection they got was counteracted by the difference in currency. As a consequence, the Montreal, Belleville, and other works were closed. He trusted that the mover of the resolution or others in his trade would give some guarantee that, if they obtained what they wanted in the resolution, they would be prepared forthwith to establish blast furnaces. He moved that the import duty on iron be not imposed until the mines here are in thorough working order and the furnaces productive ; and that the duty and bonus take effect for three years from 1st July, 1876.

Mr. LUKES, Newmarket, said all that was asked was that the Government should give its assurance to foreign iron capitalists that they would be protected in their trade, and he trusted that the duty would be guaranteed for ten years.

Mr. STAUNTON said that for 147 years England had protected her iron. He continued to show at some length that Canada could never become a great nation until she adopted protection. He thought that the \$2 per ton duty was a small one, as it amounted to only one-tenth of one cent per pound.

The resolution was passed, the blank as to the guarantee of the import duty being filled in with "ten years."

The last resolution was put paragraph by paragraph.

On the third paragraph Mr. LUKES said the establishment of local associations was absolutely necessary. The people had to be educated up to the views expressed and adopted here. The milling interest, to which he belonged, represented a capital of \$50,000,000, and although the millers had been separated from the protective party in the past, they were now prepared to work hand in hand with the friends of protection. The mills to-day were only working half time; and the other day, for the first time in twenty years, he had been compelled to take the grain out of his mill and export it. He earnestly called upon the Board to leave nothing undone to instruct the people on the great question of protection, and for that purpose local organisations and associations were absolutely necessary.

Mr. BOULTON, Toronto, called attention to the fact that the staple article, wheat, was carried by the Canadian railways at a cheaper rate from Detroit to Portland. He complained that the Grand Trunk ignored local interests to a very great extent in favour of the through exports of American exporters.

The resolution was then carried.

The meeting then proceeded to the election of delegates to the Dominion Board of Trade, as follows:—Mr. Gurney, Mr. Lyman, Mr. Lukes, Mr. Barber, Mr. W. B. Hamilton, Mr. Staunton, and Mr. Rogers.

The CHAIRMAN said it was necessary to furnish funds for the employment of a competent person to go through the country and establish local associations. The Secretary could easily prepare the necessary by-law.

A resolution to the above effect was moved by Mr. ROSAMOND, seconded by Mr. Lukes, and carried.

The CHAIRMAN said that as soon as the local associations were formed, the election of delegates to Ottawa and elsewhere could be proceeded with.

Mr. LUKES moved seconded by Mr. Bell, that the proceedings of the meeting be printed and circulated among the members of Parliament. Carried.

A cordial vote of thanks to the Chairman was passed, and the meeting adjourned at four o'clock.

DEFINITION OF PROTECTION.

"Protection is simply defence—nothing more, nothing less, and nothing less. Every deviation from this ruling object is sooner or later mischievous. We mean by it needed defence of industrial enterprises, in the success of which the country has a common interest. We do not mean class legislation, or the establishment of monopolies in production or trade, but the development of the productive power of the nation, with a due distribution of its benefits to every industrial interest of the whole people.

"The system of protection employs exclusively duties upon imports to effect its objects, and, intending only to defend domestic industry, it purposely selects only for its operations those foreign products which compete with the freedom and extension of such domestic industries as the country is prepared to undertake or determined to maintain with the view of self supply. It is not arrayed against foreign trade and exchanges in anything else than those commodities, the admission of which injures the labour and prevents the enjoyment of the home markets. Wisely devised and worked it never does in any respect, nor to any degree repress or diminish any healthful foreign commerce. One of its legitimate objects is to preserve for the people an unlimited choice of occupations fitted for their economic conditions.

"If, owing to the circumstances of the country, a tariff of protective duties can also be made to secure an adequate, or any considerable amount of revenue to the Government, the principle and policy of the system freely allows such an excellent accompaniment as a consequence of its own necessary operation; and it is a striking characteristic of the system that it always does so. Every period of sound protection which this country has enjoyed has amply provided for the national expenditure; and only the tariffs constructed with the sole or principal view to securing revenue have utterly failed to accomplish that intention. Protection is not an abstract creed which college professors evolved from their own consciousness, but a vital policy conforming itself to the varying conditions and necessities of national life and progress. It has never failed to manifest its good results in our own history, and every departure from it has resulted in calamities which only return to it could cure. 'It has always been recognized and adopted in some form or other by all nations, and is to-day the policy of every enlightened government.'

" Limited by the necessities of 'defence,' the protective policy presents different features in England, France, Germany and the British Colonies, the United States of America, &c., but it always involves such an adjustment of duties upon foreign products, as, in the language of M. Thiers, will 'reserve the markets of the nation to its own industries.' It is this purpose which inspired the protective policy, adopted by the colony of Victoria, the treasurer of which, Mr. Berry, in a recent speech declares, that it is intended 'to establish industries, and make work plentiful throughout the country,' expressing by the desire 'to see an Australian policy realized in Australia, as an American policy has been realized in America.

" The measure of defence required by the industries of Canada, differs with respect to new enterprises, and these which have been established.

" It should be liberal. On that side danger never lies. One element which must always be considered, and which may be regarded as permanent, is the excess of wages of American workmen above their foreign rivals, which as shown by the reports of the Statistical Bureau is largely greater than the duties imposed upon the competing products of foreign labour by the existing tariff. This, together with other considerations of public good enforced by every eminent American author and statesman, must enter into the constitution of our tariff laws, which, in so far as they are protective, promote national welfare.

" Dictated by patriotism, protection to home industry is no more inconsistent either in its methods or ends, with the broadest philanthropy, than the natural law of self-preservation, which is binding alike upon individuals and nations, and is sanctioned by the written Word, which says 'If any provide not for his own and especially for those of his own house, he hath denied the faith and is worse than an infidel.'"

LETTERS.

Letter 1.

FREE TRADE ECONOMY.

From the CANADIAN ILLUSTRATED NEWS, May 30, 1874.

Most persons have read or heard of Whang, the Miller. The story of his adventure and misfortune will never cease to be interesting. Were he living now, there is no doubt he would be a Free-Trader. Present gratification, immediate and large profit, his ruling passion, is the ruling passion of free-traders everywhere. Economists of this school are ever dreaming of treasures in free-trade pans, and, like Whang, if allowed, would keep on digging until home manufactures would tumble down in ruins.

The Southern planters were Whang the Miller economists and politicians. They, too, dreamed of treasures in Free-Trade pans. They aimed at securing immediate and large profits; they sold in the dearest markets and bought in the cheapest; they despised the profits and occupations of home manufacturers; thus undermining their mills and workshops, till war made their once opulent country one vast scene of suffering and desolation. In wars and sieges, famine shoots harder than cannon. But if people see no immediate danger in a measure, they care little about its effects in the future. This an age of *present gratification*; patriotism, economy, and the public safety make important concessions the ruling passion. Present danger and *present gratification* are the main motives which move the multitude. The opportunities afforded by such measures as Free-Trade, for *present gratification*, are seldom resisted by people who have once formed luxurious tastes.

It was by protection that England overtook nations that once excelled her in manufactures. She not only levied high duties on imported goods, but prohibited the export of raw material by severe penalties. She gave the home manufacturers control of the home market in the most complete manner, till from this solid basis they have successfully invaded every country in the world. Not only this, the competition of the home manufacturers in the home market, reduced the price of goods to the British people lower than they could ever have been procured by free-trade. So far was the protective system carried that she would neither sell English wool to foreign manufacturers nor buy their cloth. In the early stages of English manufactures the exportation of wool was made a felony by the common law. The owner of a ship, knowingly exporting wool, forfeited "all his interest in the ship and furniture." See Adam Smith's *Wealth of Nations*, vol. 2 and pages 494, 495, and 496.

According to Free-Trade theories, this kind of restriction, on the export of an article, would cause its production to cease, or, at least, decline very much. But the contrary is the case. England is, and has been for a long time, one of the greatest wool producing and wool manufacturing countries in the world,—Free-Trade did not make British manufactures what they are; but found them fully developed, excelling everything else in the world, therefore it cannot be said that their success is due to it. If we copy British commercial policy at all, expecting to attain the same results, we must copy it in all its stages, in which case we will find, the stage of English history corresponding with our present stage, affording great protection to home manufacturers.

If we examine the history of the United States, which, as a new country, somewhat resembles our own, we will find it divided into periods of Free-Trade and protection. During a period of protection, the government paid off the debt of the Revolutionary war, and built up considerable home manufactures. Then came a period of Free-Trade, which drained the country of specie, ruined the manufactures, and ended in a great commercial crisis. Each period of Free-Trade and protection, since that time, has produced a similar result. What is protection doing for the States now? Last year American manufacturers were sending machinery to Ireland; and English merchants complained that Americans were underselling them two dollars per ton on iron. The time is coming when the British Government may have to throw around their manufacturers the shield of protection once more. The present contention between workmen and masters may bring about a crisis in the manufacturing interests of England which will put their Free-Trade principles to the test. Men talk bravely when danger is far off. So it is with British Free-Traders while they know their own manufactures are an overmatch for foreigners. But let the British markets be flooded with foreign goods, let British manufacturers be ruined, let the country be drained of specie, and see how long they will hold to their free-trade principles. This state of things would bring about as vigorous protection as ever. Free-Trade is an advantage to England now, but it was not so, or considered so, till it was seen that British manufacturers were an overmatch for foreigners.

Unnecessary dependence is a bad thing. The individual or nation that is depending, more than ordinarily, on others for any essential condition or prosperity, is ever in great danger. Such a condition is not favourable either to the increase of wealth or to the preservation of liberty.

The increase in the tariff, asked of the Government by Canadian manufacturers, would not be a tax, but an investment in home manufactures by the people, which would return to them with a large profit in a very short time. Government bonuses to railways correspond exactly with the principle of protection to home manufactures. Free-Traders say, "Let us do without home manufactures till they become sufficiently profitable to exist without protection." How would it suit to say, "Let us do without railways till they become sufficiently profitable to pay without Government or municipal aid." Trade can be left free in England for the same reason that railways can be built there without such aid as is usually required in this country. Comparison between England and Canada holds good in very few cases, and least of all in their trade relations. We aid railways by bonuses in order to bring producers and consumers into closer relations with each other; and protection to home industry has precisely the same effect.

W. DEWART.

Letter 2.

FALLACIES OF FREE TRADE.

From the CANADIAN ILLUSTRATED NEWS, July 13, 1874.

To the unthinking mind there is a charm in the word "free." What is free in one sense may be very costly and dangerous in other senses. As familiarity is said to beget contempt, so freedom is very liable to degenerate into folly. What is called Free-Trade might be called *foolish-trade* with a great deal more propriety. It is bad economy. It looks only to immediate saving or profit; and nothing is well done in which this is the main motive. Immediate saving or profit causes the farmer to crop without manuring his land. Immediate saving or profit causes the consumer to buy and use inferior articles. In both cases,

however, it is well known that the saving, in the first instance, is more than compensated by the loss in the end.

We spend money to make money. Little is ever made otherwise. When we increase the duties on imports, to bring about a permanent reduction in the price of home manufactures, this is our motive. It is not partiality to home manufacturers, as a class; but foresight and self interest which cause us to do so.

Protection is foresight. It is simply looking at the question in all its bearings, from beginning to end. Free-trade principles correspond exactly with certain customs of barbarous tribes and nations. Persons who from age or other illness, for the time being, are unable to keep up with the rest of the tribe in their journeys or migrations, are left behind and allowed to perish. So it is with Free-Traders: an industry, however useful, which is temporarily unable to compete with older and stronger industries, is allowed to perish for want of some trifling relief. Each industry or trade for which a nation is adapted should be made to assist all other industries, and they in return should aid in its development. Trades or industries, like individuals, should conform more to the habits of civilized man than to those of the brute creation. For example, if a human being is about to perish, nothing is more common than for another human being to afford him relief. It is otherwise with the brute creation. One beast may starve in the midst of a numerous flock, without another offering to place a mouthful of food within his reach. Free-Trade is an unnatural doctrine and opposed to the higher order of nature's economy. Free-Trade reminds me of the saying—"root, hog or die." It is well known, however, that this advice very seldom holds good. It would not pay. There are times when it is much wiser to afford certain ones a little extra food and care.

Protection shapes the back to the burden. If a man buys a farm, a team, a waggon, a plough, a spade, clears a fallow or drains a field, he increases his immediate liabilities or expenses. This, however, does not increase his poverty, or incapacity for meeting his requirements. With such increased expenses his ways and means for meeting them increase also. Where protection increases the cost of an article to any extent it also increases the purchasing power of consumers to a much greater extent. For example, this country imports thousands of tons of iron annually, while it has iron ore in abundance, and wood for fuel for smelting purposes. At present, getting rid of the wood is an expensive operation in farming; but were the mines being worked it would become a source of profit. Frequent changes in the tariff and the advocacy of Free-Trade principles are what prevent capitalists from engaging in these enterprises. Till a settled protective policy is adopted, all these enterprises will be neglected. If protection tended to withdraw capital from agriculture or other existing industries it would be different; but this is not the case. Where capital or labour is thus drawn, it is from the foreign countries which would have supplied the goods in the absence of protective duties and home manufactures. Thus if we exclude any portion of American manufactures and replace them with home manufactures, the capital and skilled labour required to do so will come from America directly or indirectly. It is only a question with us where our workshops will be. If work will not go to the workshops the workshops will come to it. When J. & P. Coats were prevented by the duties from sending their thread to the States, they simply established a factory there by exporting capital and skilled labour for the purpose. It is the capital and skilled labour of foreign countries we want, not their manufactured goods. It is only by rendering the latter unprofitable that we can get the former. Protection, in a country like this, puts every industry into healthy operation. It brings more emigrants than all the agents Government could employ. Better still, it keeps them here when they come. This is not the case under a Free-Trade policy. Emigrants brought here now, at the public expense, are known to go right over to the States for want of the very conditions which home manufactures would supply. With protection we have work for all classes; with Free-Trade we can employ little more than agricul-

tural labourers. No large stream of emigration will ever set into our shores till we have employment for all classes. The agricultural labourer will follow his mechanical friend. We want a larger home market for our own produce. For this purpose we want emigrants capable of producing what we now import. There are persons in England who oppose emigration. It is not long since Mr. Roebuck, M. P., said in a speech, that he hoped "England's family of children will still cling to her, and that he holds to be a dastard any Englishman who incites them to seek a new home across the sea." Now, every manufacturer in England is naturally opposed to emigration and will be, so long as our tariff permits him to sell his goods here with profit. But raise our tariff, so as to enable home manufacturers to undersell him, and he will immediately come here with both capital and skilled labour. If we want to draw immigration we must also draw the capital which is employing those emigrants where they are now. If that capital comes, emigrants will follow without any effort on our part. On the other hand, if we get the emigrants to come without the capital, we cannot keep them when they are here. Cheap labour is essential to English manufacturers, and for this reason they discourage emigration, especially of the better class of skilled labourers.

W. DEWART.

Letter 3.

FREE TRADE PRINCIPLES CONSIDERED.

From the CANADIAN ILLUSTRATED NEWS, July 4, 1874.

Mr. Disraeli classifies politics and economy under two heads, which he calls "cosmopolitan" and "national." No more distinct line was ever drawn or clearer definition given. These two ideas have contended for the mastery in all ages. The former is the basis of communism, socialism, Free-Trade and free-love. The latter is the basis of private property, the family institution, and real human progress.

Communism, socialism, Free-Trade, and free-love are all embraced in the cosmopolitan idea. From each one of these ideas it is but a single step to any of the rest, in the present state of society. A time may come when some of these ideas could be adopted; a time may come when all might, but to say the least about this question, that time is still very far off. My more immediate object, however, is to show that the present, at all events, is not the time for adopting any of them.

Nations require to be thorough in their progress as well as individuals. Suppose a pupil should skip a rule in arithmetic or grammar to catch up to a higher class, what would be the consequence? It would probably embarrass him at every subsequent step, and cause him to fail entirely at the examination. Now, nations have examinations as well as individuals, and, to succeed, each must skip nothing, must be thorough, must master every rule as it goes along. Otherwise it may exist, but can win no prize. It will belong to the "dragged up" or "down trodden" class just as the interest of its successful rivals dictate. When you see a nation helplessly tossed about you may be sure it has skipped a rule in its national discipline somewhere.

I will now call home manufactures a rule in national discipline. No nation can skip this rule without paying the penalty of defeat in the final examination. No rule in arithmetic is more essential to the thorough comprehension of the subject than home manufactures is to solid national progress. If a nation skips home manufactures in order to overtake a free-trade movement, along with more advanced nations, it will be sure to suffer a crushing defeat in the first contest

for prizes. Let us overtake those ahead of us, by all means, but not by skipping any rule of national discipline or progress. Build up home manufactures, then, if you choose, fall in with Free-Trade movements.

The nation whose affairs are entrusted to men of cosmopolitan ideas is never safe. Cosmopolitanism just amounts to this, "saints abroad and devils at home:" persons who flatter and please strangers but oppress their own countrymen. The cosmopolitan parleys and temporizes with the foe till his own party is surprised and routed. It is a species of vanity, and this vanity leads him to be more solicitous about the good-will of strangers than the interests of his own country.

Cosmopolitanism is also a species of meddlesomeness. It is diametrically opposed to close attention to one's own affairs. They see their own interest and duty only in meddling with other people's business under various pretences. It is traitorous to all nations and useful to none.

Let the nations which are prepared for Free-Trade have it among themselves, without forcing on those which have not yet passed through the preparatory ages and stages necessary to render it safe and profitable.

The advocate of the national policy is "he who provideth for his own." He is not meddlesome. He attends to his own affairs, keeps his own house in order, and avoids entangling alliances with his neighbours.

The advocate of a national policy is usually a safe sentinel. He does not parley and temporize with the enemy in the face of danger, but gives the alarm, retires, and puts the country in a state of defence. However well the cosmopolitan may act after hostilities begin, if preparation were left to him there would be no preparation at all. He does not dream of danger. He is very egotistic, and has an exaggerated idea of his power of moral suasion. Usually, however, his moral suasion results in nothing better than ruinous concessions.

Commercial treaties have serious drawbacks with perhaps a few advantages. Few such treaties are ever renewed. At the end there is generally a reaction on one side or other. The consequence is that the artificial state of affairs created by them perish before anything is done for their preservation or continuance. The provisions of a long treaty are likely to press with severity, occasionally, on one side or other. In fact, human foresight lacks the qualities necessary to render the conditions of a long treaty satisfactory to both parties till the end. Hence it is doubtful if more equitable regulations could not be maintained by reciprocal legislation. You take a treaty, as it were, "for better or worse," and to those who deem it "for worse" it feels like a yoke all the time. "Men should be taught as if you taught them not," and it would be well if they could be governed in much the same way. A commercial treaty is sometimes like a revolution in its effects, whereas Bacon says, "Men, in their innovations, should follow the example of Time, which innovateth greatly, but quietly, and by degrees scarcely perceived."

Not long ago I noticed an editorial in *The Illustrated News* pointing out the inconsistency of free-trade with the practice now so common, among municipalities, of giving bonuses to encourage the establishment of manufactories in various places. Cities, towns, and villages throughout the whole Dominion are adopting this method to get factories within their corporations. If government would adjust the tariff properly, every village, town, and city would have all the factories needed without a single bonus. The Dominion government and these municipalities are plainly working against each other. Thus what is saved on imported goods is lost in bonuses. While municipalities are making great sacrifices to build up factories, government is legislating for their extinction.

The progress of free-trade is only apparent; like the progress of the pupil who skips a rule to overtake a class. It is doubtful whether Free-Trade England, if wasted and worsted and stripped of a couple of provinces, as France was in the late war, could pay a proportionable indemnity as promptly as the French did. Free-Trade wealth appears greater than protectionist wealth, probably

because it makes a greater show. The wealth of France was underrated and the wealth of England is probably overrated. England being now, in a sense, the banker of the world, strengthens the impression: It is the great centralization of money in London that gives England so much power as she has in the money markets of the world. The borrower and the lender alike look to Lombard street to have their wants supplied.

This arises from the habit of the English people depositing their money more freely in banks than most other people. The deposits in all the banks throughout the Kingdom are sent to London and lent to the bill brokers, the private banks, the great joint stock banks, or the Bank of England. Besides this, all the banks in the Kingdom deposit their reserves in the Bank of England, which bank lends a great part of these reserves to the public. Hence, there is comparatively no idle money in the Kingdom, except the reserve in the Bank of England. The whole accumulated savings of the nation are in London, and nearly always employed in some way. This centralization of money enables capitalists there to aid vast projects in all parts of the world. There is no such centralization of money in Paris or any part of France. The French people do not take to banking and depositing money in banks so freely as the English do.

They have much more confidence in the government even in the most troublous times, than in the bank. Hence, the great wealth of France is little known till some emergency arises such as the payment of the late indemnity.

W. DEWART.

FENELON FALLS.

Letter 4.

LUMBER AND FREE TRADE.

From the CANADIAN ILLUSTRATED NEWS, Aug. 15, 1874.

Adam Smith says that the capacity of people to produce wealth exceeds the capacity of the worst governments to waste it. This may be the case on an average from century to century, or generation to generation, but there are times at which the waste is fully equal to the accumulation. *Wise legislation is the basis of national prosperity.* The profits of the farmer, the miner or manufacturer, even in the best seasons, may be swept away by unwise expenditures, tariffs or legislation. Take the lumber trade of this country, for example. A single stroke of diplomacy has totally paralyzed it. By one wrong move profits are rendered impracticable. A theory has, however, been tested; but at an enormous cost. This is the application of Free-Trade principles to the lumber business. The present authorities, believing that competition, supply and demand, are all that is necessary to maintain trade in a wholesome state, offered immense timber limits for sale. This, together with giving settlers power to sell their timber at the time when the market was fully supplied, caused a glut resulting in the present crisis. Free-Traders ascribe the depression to the monetary crisis in the States. Now half the truth is usually a lie. This explanation is but part, and a very small part, of the cause. The depression is partly due to that crisis, but principally to bad legislation in this country. Previous to this, while limits were offered for sale sparingly, the trade flourished and made profits. People, like children, often cry for what would make them sick. The lumbermen demanded limits, and the government, like a foolish parent, gave them an overdose. *Hence popular demands require to be tempered with prudence.* The Reformer may be as much too fast as the Conservative is too slow; and the former failing is fraught with much more danger than the latter.

The sale of those limits has stimulated production ever since. Worse still. The capital formerly employed in handling and holding the manufactured lumber was invested in limits, throwing the manufacturers on the more precarious and costly aid of banks. Capital is not unlimited or elastic like the air. It does not move from one trade to another without a *pull*. The *pull* consists in higher interest. There is a certain amount of capital available for each trade, and to draw in more than this requires an effort and sacrifice. Hence, the circulating capital locked up unproductively in those limits had to be replaced, both in Canada and the States, by drawing capital from other industries. The lumberers could draw capital from other industries, to replace that invested in limits, only by offering the banks higher rates of interest than others were giving. Hence, a ruinous competition for all parties commenced, and the bank rates went up to ten per cent. I will not say that the lumber trade was the sole cause of this; but I believe it to be the main cause. The other effect, the glutting of the market, was caused in this way. It is not necessary, for my purpose, to show that the new limits have been yet touched. Their purchase stimulated production on the old limits. Firms investing largely in new limits were obliged to get some of their money back as soon as possible. This was, in many cases, done by increasing the production of the old limits; and so far as glutting the market is concerned, is just as effectual as if the work had been on the new limits. There is something more than supply, demand, and competition required to regulate trade. If left to these alone, manufacturers and traders, like tribes and clans, are liable to exterminate each other. Legislation is the basis of all business success. Business can no more prosper under unwise laws than human life can continue vigorous in a foul atmosphere.

There are rich men in the worst governed countries; but whether the average wealth of people is high or low depends very much on their laws and legislation. Organizations, like that lately formed by the lumbermen, to curtail production, could not be needed under a sound system of commercial legislation. Such a system would lead each individual to pursue the course best for himself and best for society without entering into any organization. *The necessity for organizations proves the existence of great abuses or defects in the law.*

Again, such organizations are nearly always inoperative. No rule can be adopted suitable for all interested. Hence, the result is that one or more break the rule and the rest gradually follow. This is the difficulty attending a combination. There are, also, difficulties in the absence of organization. No mill-owner likes to set the example of curtailment by closing his works. It might affect his credit. People would be liable to think he is getting into financial straits. Rather than send the impression abroad he goes on till ruined. He will not halt while strong, and is ashamed to halt when becoming weak. Besides this, stop when he will, there is another danger. In all such suspensions the workmen are likely to consider the act a device for lowering wages. Such an impression as this once created may endanger both the employers' property and life.

Much will never be accomplished by organization. In fact weak firms will countenance the attempt least. There are two causes for this. First they may want to conceal their weakness by assuming a tone of indifference. Second they may have no way of meeting their liabilities but by keeping in motion even at a loss. To stop and let their fixed capital stand idle may in itself be ruinous. It is only strong firms that are able to do this. Many a man continues a business, and makes a living by it, long after his capital is gone. Under vicious commercial laws such a person cannot recover; but under good laws he may not only recover but afterwards amass wealth. The lumber trade of this country has been partially ruined by the application of Free-Trade principles; and all our manufacturers will be ruined also if that principle, as contained in the proposed Reciprocity Treaty, be carried into effect.

Mismanagement always leads to increased loss, labour and expense. There

is nothing in which this is more apparent than in legislation. The individual can no more escape the effects of bad laws than the effects of a bad climate. The trouble, loss and expense occasioned by the sale of the limits referred to are incalculable. We may possibly have more legislation on the subject, as it is proposed now by free-traders to put an export duty on lumber to check its manufacture. This would be a step from extreme Free-Trade to extreme protection. Lumber is said to be unprofitable now; and they propose to make it profitable by putting new taxes on it.

W. DEWART.

FENELON FALL.

Letter B.

RECIPROCITY IN HARDWARE.

From the CANADIAN ILLUSTRATED NEWS, Jan. 23, 1875.

It is heavy goods in which home manufacturers first begin to compete with foreigners. These require little skilled labour and a large quantity of raw material. The raw material and the manufactured work being alike heavy, freight on this class of goods affords home manufactures some protection. They can make ploughs before axes, and axes before pen knives. In the manufactures of boots and shoes, for example, this country ceased to import stogies long before women's calf boots, and women's calf boots long before children's boots.

It is not long since these latter were imported in large quantities from Massachusetts; and, notwithstanding the duties always paid, they would still be imported but for the increased taxes caused by the war in the States. The ostensible argument of Free-Traders is that Canadian manufactures can compete with American. I admit they can in some kinds of heavy goods; but the quantity of American manufactures on the shelves of hardware stores in the Dominion show that they cannot do so in light goods. It shows, also, that even English manufacturers cannot stop the importation of American goods into Canada.

Notwithstanding this, Free-Traders tell us that American manufactures are ruined by protection. Take fish hooks, for example. I have been selling fish hooks for thirteen years, and never saw a fish hook made in Canada; though during that time I have seen and sold thousands manufactured in New Haven, Conn. Now, I have no doubt there is a larger per centage on fish hooks than on any article of hardware manufactured in this country. The Americans and English have the best share of our hardware business yet. Most if not all the brass rivets used in Canada are made in the States.

Tire bolts and carriage bolts are imported in large quantities from Philadelphia. Factories for the manufacture of these have been started in different parts of Canada, but as yet, notwithstanding freight, duty, and war taxes, the American manufacturers do a large share of the business. The plough bolts used in this country are extensively made in New York City. Manufacturers of ploughs tell me they never saw a plough bolt made in Canada. Neither did I. Whenever I order plough bolts from a wholesale house, those made in New York are sent.

Butt hinges, especially the small sizes, two inches and under, are imported in large quantities from Providence, Rhode Island. All the gimlets, so far as I can see, and a great many of the auger bits, used in this country, are made in New York City. From the lightness of these goods, in proportion to their value, freight is hardly any protection to our manufactures. Among light goods of this kind, cut tacks is one of the first things in which Canadians have begun

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to compete with the Americans. Messrs. Pillow, Hersey & Co., of Montreal, have been manufacturing in large quantities for some time. A good deal, however, are still imported from the States, particularly Abbington, Mass.

Spirit levelers are imported from Philadelphia. I have never seen one made in Canada, and am not aware of a factory of the kind being in the country. Whenever I order spirit levelers from a wholesale house I get those of American manufacture. Here, then, are articles in which neither Canadians nor English can drive the American manufacturers from the market; and it is protection which gave them the start necessary to attain this position. Most, if not all, of the scratch awls used in the country are made in the States.

There is no cartridge factory in Canada of which I know: all the cartridges used in this country come from Connecticut and New York. Scales, everyone knows, are largely imported from St. Johnsbury, Vermont, where the famous Fairbanks' factory is.

The protection afforded by the American Government has built up splendid factories of this kind all over the Union, and made American manufacturers formidable all over the globe. Still, Free-Traders tell us that protection is ruining the States. I am inclined to think it is ruining somebody else.

Steel pens manufactured in New Jersey are used extensively in this country. Razors of American manufacture are imported to this country, but I am not aware of any being manufactured here. Shoemaker's awls come from Massachusetts, and the handles from Connecticut. Though the manufacture of hammers is carried out to a large extent here, very many are, still, imported from the States. When I order steel hammers to retail at over a dollar I am usually sent those of American manufacture. Distance or freight, on hammers, afford our manufacturers very little protection. These advantages are much more than counterbalanced by the accumulation of labour, skill and capital where the business has been long established. But let the tariff remain as it is; let the danger of sudden changes cease; and labour, skill and capital will come to Canadian manufacturers in such quantities as will soon enable them to make all this description of goods required, both in respect to price, quality and quantity. Nothing paralyzes industry more than uncertainty. While the Free-Trade agitation continues, Canadian manufacturers cannot calculate, either, who will be their customers or what will be their profits.

With "a market of forty millions" they may be like Moses, permitted to see, but not allowed to enter the promised land. More American cradle scythes were sold here at Fenelon Falls during the last three years than similar scythes of Canadian make. They were no cheaper or better than Canadian goods, but they were imported and purchased by storekeepers here, and had to be sold, and were sold. The farmers who bought them gained nothing, but the American manufacturer made a profit and the Canadian manufacturers were deprived of a part of their legitimate trade.

There is neither patriotism, statesmanship nor policy in theories calculated to produce such results as this. Such a policy must necessarily tend to impoverish a country. Reciprocity would annihilate in one instant millions of Canadian capital. As in the case of the scythes above referred to, it is not necessary for American manufacturers to undersell ours; *they need only to take enough of the business to make the balance unprofitable.* Here is another thing which would operate against Canadian manufacturers: Canadian goods, not being yet known or introduced in the States, agents would have great difficulty in getting orders.

There would be a prejudice against the idea that we could make goods either as cheap or well as old American manufacturers. On the other hand, American goods being long known in this country, agents get orders without much difficulty. To establish a business in the States, our manufacturers would have to offer a better and cheaper article than the American manufacturers, which they cannot do. It is easy to foresee the result. Between the loss of the home market and the delays and difficulties of establishing any business in the States, Canadian manufacturers would be ruined in nine cases out of ten.

Notwithstanding heavy freights on safes, considerable numbers are imported from the States. An agent from Cincinnati took quite a number of orders in Canada not long ago. It is probably with the safes as with the scythes. The purchasers are in no way benefited. But it results in profit to the American manufactures and loss of legitimate business to the Canadian.

It is natural for Canadians to buy American safes, but not for Yankees to buy Canadian safes, if they were even twice as good as any made in their own country. The "market of forty million" has a great many drawbacks like this.

Steam engines are also imported from the States. Not long ago I saw an agent selling steam engines made in New York city to persons living at Georgian Bay. Axes, once largely imported from the States, are still imported to some extent. A storekeeper at Horse Shoe Bridge, somewhere in the back country south of Lake Nipissing, has American axes advertised for sale. These axes are no cheaper and perhaps not so good as Canadian axes. Their sole result consists in transferring a certain profit from home manufacturers to foreigners.

In the face of these facts, can any person argue that Reciprocity would benefit Canadian manufacturers? Free-Traders know this as well as anyone, but their real spring of action is utter indifference about the success or existence of Canadian manufactures at all. With access to the States, Canadian manufacturers are needed no longer. Perish Home manufacturers, in order that Free Traders' whims may succeed!

The great mass of mankind exercise too little foresight.

Mr. Bagehot, in his able work on Politics, says a desire for instant action constitutes the chief difference between savages and civilized man. It is this desire for instant action in politicians which lead people, step by step, unconsciously to results of which they never dream, till the prevention becomes impossible. I see a man opening a dyke, and tell him the sea will come in. He says, "I will oppose the sea." His opposition will be too late. If he opens the dyke, the sea will enter in spite of him. I hear men demanding Reciprocity, and tell them it will lead to *annexation*. They say "we will *oppose annexation*." Their opposition will be too late. Annexation will follow Reciprocity in spite of them. "They're sowing the seed," but "what shall the harvest be?"

W. DEWART.

FENELON FALLS.

Letter 6.

From the CANADIAN ILLUSTRATED NEWS, Feb. 13, 1875.

Some articles in the last number of *The Canadian Farmer*, copied from the *Ohio Farmer*, *The Oshawa Vindicator*, and *The Whitby Chronicle*, furnish an excellent argument against Reciprocity in Agricultural Implements.

They show that, so far as real ultimate profit is concerned, the more men "seek it in Free Trade, they leave their views the farther."

The article to which I refer, gives an account of the manufacture of *The Champion Mower and Reaper*, by Messrs. Whitley, Fassler and Keily, of Springfield, Ohio, and Messrs. Joseph Hall and Company, of Oshawa. The factory in Springfield was started about twenty years ago, on a small scale. It made fifty machines the first year; it can make about fifty thousand in the same time now. "CHAMPION REAPERS, from Springfield," says *The Oshawa Vindicator*, "are this year being sent to France, Germany, Prussia, Austria, Poland, Hungary, Denmark, Russia, Egypt, Sweden, England, East Indies, Chili, the Argentine Republic, and Australia."

"Twenty-five hundred machines are being built at Oshawa for the harvest of 1875," in Canada. How does this come?

"Mr. L. H. Lee, who has been connected with the Champion in the States and Europe for the past thirteen years, has come here to reside and take charge of its construction and sale in Canada." Had Free-Traders their way, no Champion Machines would be built at Oshawa; nor would Mr. L. H. Lee come there to reside. He would build the machines at Springfield, and export them to Canada, as he does to other countries.

The duty on these machines has compelled Mr. Whitley, the manager of the Springfield factory to take a share in the Hall works at Oshawa. "The Hall Company," says the *Vindicator*, "not only secures Mr. Whitley's capital, and the exclusive control of his patents and future inventions, but the benefit of his experience, energy, judgment and prestige." This is just what Canada wants. If we have Free-Trade, let it be in *capital, labour, skill and experience*—not in manufactures.

The Joseph Hall Works, in Oshawa, will bring more capital, and desirable emigration into Canada, than some of the emigration agencies maintained by the Government at great expense, in foreign countries. If any person thinks that profits are large in this country, let him come with all the capital he can command, and all the skilled labour he can employ, and share in the general prosperity. This is the legitimate limit of Free-Trade.

This arrangement will have one or two remarkable effects. First, these machines will be built as cheaply at Oshawa, as in Ohio. Hence, the Canadian farmer will buy them cheaper than he would with Reciprocity, because, with Reciprocity they would be built in Ohio, with freight added to their cost, when exported to this country. The farmer saves the freight; hence, here is a case in which duty and protection have actually diminished the cost of a very important article.

Free-Traders will, doubtless, say that Reciprocity would not prevent the machines being made in Oshawa. I say it would. With Reciprocity, Mr. Whitley would not sell his patents to the Hall Company, or any Company in Canada, or give them capital, or send a manager there, or give them the benefit of his experience. He would much rather keep all these things to himself, make the machines at home, export them to Canada, compelling Canadian farmers to pay the freight, as he does with the farmers of England, France, and other countries.

Home manufactures have a very beneficial effect on the currency of a country. Panics in the money market are seldom, if ever, caused by them. Importations have a different effect. They often cause panics, and a severe stringency in the money market. Suppose, for example, that a bank lends a manufacturer ten thousand dollars: he pays a large portion of this to his work people; they pay a large part of what they get for provisions, or village lots, or building houses. Some of what they get may go directly for sugar or tea to the importer; but the most part circulates round the immediate neighbourhood, and returns to the bank. Such loans, while they aid production immensely, do not diminish bank funds very much. It is a very small portion of them for which gold is asked, while the balance—much larger portion—returns to the bank in a short time, and is again available for new advances. The *twenty-five hundred Champion Reapers*, to be made in Oshawa this year, will not diminish the loanable funds of Canadian banks to any appreciable extent; whereas, if made in Ohio, they would diminish those funds to the full extent of the price paid for them.

It is highly important that banks should always have an abundant supply of money, at certain seasons of the year, and this can never be the case, till home manufactures become developed. A scarcity of money, caused by importations, when the crops require to be moved to market, is always a serious loss and inconvenience to the agricultural community. This is a side of the

question never presented to farmers by Free-Traders. They tell them that Reciprocity means twenty cents a bushel on barley, which is not true.

Barley has been as good a price since 1864 as during the ten years of Reciprocity. Free-Traders do not tell farmers that Reciprocity means a scarcity of money when their produce is being moved to market. When a bank lends an importer ten thousand dollars, he takes it in gold, and the loanable funds of the bank are diminished to that extent at once, and during the continuance of the loan.

Supposing the *twenty-five hundred Champion Reapers* wanted were made in the States. When a farmer bought one, the bills which he paid for it are taken to a bank and exchanged for gold, which is taken immediately out of the country. Even where a farmer gives his note for a machine, the note is discounted, and the gold is exported precisely as before. Gold is the basis of our currency, and every dollar exported diminishes the currency to two or three times that amount.

As shown, with regard to the reapers, it is doubtful whether farmers would gain in any particular by Reciprocity, while it is certain they would lose heavily on their grain by a scarcity of money at certain seasons.

Free-Traders continually assert that duty necessarily increases the cost of an article. I think I have, in the case of these machines, shown that it does not, and why it does not. The Free-Trade argument addressed to farmers is: Why should Canadian manufacturers be enriched at your expense? This is a powerful argument, when thus stated, and applied to the selfish side of human nature, without a proper knowledge of all the facts.

A farmer goes to Hall & Co.'s shop to buy a reaper; he takes a look about the establishment, thinks he sees a great many evidences of wealth; concludes, for certain, that Hall & Co. are getting rich at his expense, and decides to vote for the Free-Trade candidate at the next election. This is the effect of Free-Trade fallacies and lectures on him.

Messrs. Whitley, Fassler & Keily, of Springfield, Ohio, have an establishment many times as large as Hall & Co.'s. They export reapers to this country; that farmers buy from them without ever appearing to suspect that *they are getting rich at his expense*. The Free-Traders never told him so, and the idea has not occurred to his own mind. He envies the moderate wealth of the Home Manufacturer, while the much greater wealth of foreign manufacturers does not move his envy at all. This is one of the pernicious effects of Free-Trade agitation.

They are not good men who seek office by arraying class against class,—telling one that others are getting rich at its expense; or instilling such principles as the foregoing into the public mind. Our interests are all identical. As well might the hand say to the foot: "I can do without you," as for Canadian farmers to say: "We can do without Home Manufacturers," without very great loss and inconvenience.

W. DEWART.

FENELON FALLS.

Letter 7.

FREE TRADE AND ARBITRATION.

From the CANADIAN ILLUSTRATED NEWS, June 27, 1874.

Free-Trade can hardly ever become universal or continuous. It is opposed to the inevitable necessities of national prosperity. Every time two great nations become involved in war their whole commercial policies with other nations require changes. In some cases the effects of these changes are felt severely in very remote places. The trade relations between England and the States were totally changed by the late civil war. The commercial treaty between England and France was swept away by the late French and Prussian war. This is the fate of every treaty, sooner or later; and such a fate is always disastrous to trade. *Permanent, steady prosperity cannot be secured without a large development of home manufactures.* If Canada now enters into trade relations with the States, *to the injury of home manufactures*, a war between the East and West, of which there is some real danger, will again find us without manufactures of our own, and compelled to pay war prices for everything we import. Duties and taxes are, and will always be, the only means of paying war debts. Nations, not having home manufactures, are constantly assisting to pay the debts of other nations. As shown in a former letter, England built up home manufactures by protection; till now, nearly every nation in the world is contributing toward the payment of her national debt. Protection is what makes Free-Trade ultimately profitable. Free-Trade, however, can never be profitable for all. It is only so for those who possess natural or acquired advantages.

It is no use to preach Free-Trade to a nation in the present position of France, or in that of the States immediately after the civil war. Adversity teaches those people to reject such nonsense. *True economy is learned in adversity.* It is only in prosperous times that false theories like Free-Trade take root. In every financial embarrassment nations have to flee to protection; and if people would not forget the arts by which they surmount difficulties, they would make fewer mistakes. The way to pay debts and the way to make money is the same. Nations pay debts by duties and protection to home manufactures; to continue prosperous, it is necessary to continue this policy. The conditions that might possibly make Free-Trade safe and profitable do not exist, and are never likely to exist. For example, the idea that international disputes are about to be generally settled by arbitration is nonsense. Such men as Emperor William and Bismarck, backed by immense resources, after enormous expenditures in military preparations, feeling strong and confident of victory, will never submit a weighty matter to arbitration where the decision of such a tribunal is at all doubtful. Military men have no faith in such a prediction. Krupp, the great cannon manufacturer in Prussia, is putting \$7,500,000 of new capital into his work. All these things point to a continuance of war, as usual, and the unfitness of Free-Trade theories at present. Capitalists are as willing as ever to furnish money to carry on war, and invest money in the manufacture of arms. The most gigantic warlike preparations are going on on every side. England, where the doctrine of arbitration finds its chief support, is building as many ships of war as ever. It was by war she won her vast dominions, though peace would suit her best now; but younger nations are not yet satisfied to give the game up. For those who give attention to the subject, there is more to be gained yet by war than by arbitration. The age is still far off when war will cease to be the principal arbiter between nations. There are too many barbarous and semi-barbarous nations still in the world for civilized man to lay down the only means of defence which holds such people in awe. As the pugilist requires the blows of a training master to prepare him for the real conflict, so one civilized nation still

requires to come into collision with another to prepare them for a conflict with the barbarous nations by which a great portion of the earth is still inhabited. If civilized man is master of the world, at the present day, it is his superiority in arms which has made him so. Our intercourse with half the world and a large majority of the human race is preserved only by our superiority in the use of arms. If Europe and America abandoned warlike preparations, and adopted rules for settling international disputes by arbitration, both countries would be conquered by the barbarous and semi-barbarous hordes of Asia and Africa within two centuries. To civilized man, war is an evil ; but the abandonment of the art, as advocated by the arbitration movement, would be a greater evil. In wars between civilized nations, civilization suffers little in comparison with what it suffers when a civilized nation is conquered by a barbarous one. This is where the screw is loose in the Free-Trade movement. Free-traders think that arbitration as a means of settling nearly all international disputes is an accomplished fact ; and that any policy which the present civilized nations think proper to adopt will control the destinies of mankind in all time to come. This kind of egotism is common in all ages. Greece, Rome, Persia, Assyria, and all the nations of antiquity, thought the same thing of themselves. They never dreamed that the seat of power would be in Western Europe some day ; just as the free-traders of Western Europe now think it will never remove to any place else hereafter.

Should any considerable declension take place in the military art in Western Europe, the British army might probably be driven out of India within fifty years. Were it not for modern improvement in the manufacture of fire-arms, I doubt if the Government could hold India even now. With the old musket, British soldiers could hardly succeed in expeditions even against such enemies as the Abyssinians or Ashantees ; and repulses in cases of this kind might lead to the invasion of Europe by Asia or Africa once more. However improbable this may appear at present, it might be rendered quite practicable by the operation of such principles as Free-Trade and the settlement of international disputes by arbitration.

The arbitration and Free-Trade doctrines emanate from the same source. Free-Trade economists are the blindest of all politicians, and those who elevate such men are the blindest of all electors. They remind one of the man who in lopping the branches off a tree cut the one on which he was standing. The declension of the military art, likely to arise from arbitration, would efface civilization on two continents, and exclude the manufactures of Western Europe from half of the human race.

To each civilized nation individually there is no more important question than protection to home manufactures ; and to all civilized nations collectively there is nothing of greater consequence than progress in the art of war. While the former confines the evil effects of war pretty much to its immediate locality, the latter is required to push forward civilization in barbarous countries. Disarming civilized nations is equivalent to arming barbarous ones. But the practice of modern philanthropists is to disarm everything good and leave everything bad armed to the teeth. They are silly enough to suppose that if the saint lays down his sword Satan will follow the example. The ballot bill just passed is a corresponding principle. By it, law and public opinion, the highest emanations of public virtue, are totally disarmed, while every elector is placed in a position to bribe or be bribed with impunity.

W. DEWART.

FENELON FALLS.

Letter 8.

**"PROTECTION IS THE FOLLY OF ASKING A MAN TO MAKE
ALL HIS OWN CLOTHES."**

From the CANADIAN ILLUSTRATED NEWS, Jan. 2, 1875.

The foregoing quotation is one of the many sophisms employed by Free-Traders. It is the style of argument used by all that class, from Mr. Bright to his humblest followers. Professor Price, who is claimed as an advocate of Free-Trade, is reported to have said in one of his lectures, "Protection is the folly of asking a man to make all his own clothes." This is a misrepresentation. Neither Horace Greeley, Morrill, nor any living protectionist writer, ever asked a man, or even a nation, to do any such thing. Again, the Professor says, "It is folly to foster 'home industry,' by requiring the people of the country to produce *everything* they want." This statement is worse, if anything, than the other. It means that protectionists recommend producing their own silk, tea, sugar, spices, and so forth, in whatever climate they live. I would like to know where the Professor met with men advocating these opinions. Further on he says: "Nations, like individuals, have special facilities, faculties and aptitudes, with respect to production." This is what we perceive, and we ask nations to produce those things for which they have "special facilities and aptitudes," instead of importing them from other countries.

Again, "nobody ventures to maintain that the people of Maine should not trade freely with the people of Texas; the people of New York with the people of California." He gives this as his reason why there should be Free-Trade between Canada and the States. The Professor appears to forget one thing, and, forgetting this, he falls into a very grave error. The relations of Maine, California, Texas and New York to each other are different from the relations of Canada to any of them. Canada is under a different government, and has different interest, both commercially and politically. For Maine to be dependent on California, or California on Maine, does not affect the safety of either, for each is pledged to the defence of the other; but for Canada to be dependent on either is perilous, neither being pledged to her defence, but occupying the attitude of interested enemies. One quotation more from the Professor, "The folly of compelling *everybody* to make all his own clothes will soon be relegated to the shades that envelope the old Navigation Act of Great Britain." There is more sound than sense in this quotation. The Professor is a very ignorant man if he does not know that his recommendation has been adopted, by Protectionists as well as free-traders, long before the repeal of the Navigation Act.

Nothing leads to more frequent errors in reasoning than comparing things which are not comparable. The Professor asserts something of a man which is strictly true, so long as affirmed of a man, but utterly erroneous when applied to a nation. The acceptance of Free-Trade principles by the public depends entirely on the capacity of the leaders to mix, confuse and mystify the matter. They require to be kept to the point, like the Professor. When they make unquestioned assertions, don't allow them to transfer or apply the conclusions to something dissimilar.

The moment free-traders state the exact idea intended their arguments lose force. Had the Professor said, "It is a folly to ask a nation to produce everything it requires, for which it has natural facilities," he would have stated the negative of protection fairly and clearly. But the other form of expression, till questioned, answers his purpose better. J. S. Mill admits all that protectionists affirm, when he says that "any country having natural facilities for any

particular manufacture is justified in adopting protection for a time to give the start which otherwise individual enterprise alone would not be able to make."

"The start" above referred to is all that Canadian manufacturers ask. But free-traders are too cosmopolitan in their ideas to give their own countrymen even this small preference over foreigners. They contend that if a country has natural facilities its manufactures need no start. Mill thinks otherwise; he recommends protection *for a time*, even where the facilities exist.

W. DEWART.

FENELON FALLS.

Letter 9.

"A MARKET OF FORTY MILLIONS."

From the CANADIAN ILLUSTRATED NEWS, Jan. 9, 1875.

The foregoing quotation is one of the cunningly devised fallacies of free-traders in behalf of Reciprocity. It would be to the States, in many respects, a market of four millions, but never to Canada "a market of forty." In proportion to the population, the Americans are our customers to a limited extent, but our competitors to a large extent. The same rule holds good regarding their trade with England; while becoming less valuable customers, they are becoming more formidable competitors.

As shown by Mr. Mathews, in his work on "Imperial Federation," the imports of the States, from England, have been decreasing ever since their independence. While colonists they imported goods to the amount of £1 per head per annum; immediately after independence the rate declined to 10s. per head per annum; and in 1861 it was no more than 5s. 9d. per head per annum. This change was affected by the adoption of a protectionist policy after separation. American manufacturers have now not only excluded English goods, in a great measure, from their markets, but are supplying Canada with many articles formerly imported from England. Had the American manufacturers not been protected thus they could never have attained this position. Protection has made them the most formidable rivals England has, or is likely to have, in the future. It is only by accepting a theory without examining the facts, that a person can arrive at a different conclusion from the above.

To the States bordering on Lake Ontario and the St. Lawrence our exports may be considerable, but to the *great majority of the forty millions* we would never sell an article, for the simple reason that they produce and manufacture the same kind of commodities as we do. What do the Southern States want of Canada? They don't want our manufactures, because they can be supplied more cheaply and conveniently by the intervening States. It is not possible that they can become great customers of ours.

They don't want our lumber. There is more and better lumber in the Southern States than there is in Quebec or Ontario. It is distance, absence of railways, canals and navigable rivers which prevent the Eastern States from getting Southern lumber now. The unsettled state of the country is retarding the construction of railways and canals. The rivers run in the wrong direction

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for this purpose. However prosperous or populous the country may become, Canadian lumber will not be required in the Southern States. The South was settled like no other portion of North America. An English nobleman was the ideal of every southern planter.

Twenty thousand acres of forest, with two or three thousand acres of a cleared farm was the style. A planter's farm was like a small village. Pass one, and you usually travel through miles of unbroken forest before coming to another human habitation. The Southern States will have plenty of timber long after Quebec or Ontario has a stick to export. Thus we see no market in the South for Canadian lumber, neither is there any in the West. Parts of Ontario import lumber from the States; and about one-half of the lumber made in Michigan finds a market in New York.

Thus we see this "market of forty millions" dwindle down to the partial supply of a narrow strip of country south of Lake Ontario and the St. Lawrence. The privilege is entirely overrated by the advocates of Reciprocity. It is not worth the Fisheries by any means. Persons who forget that the Americans are our competitors, in a much greater degree than our customers, fall into many mistakes. As a market for our wheat, this part of the argument is easily disposed of. Much of the wheat exported to the States does Canada an ultimate injury.

For example, it is ground with their dark wheat, and the flour thus made comes into competition with our wheat and flour in the English market. Were they not to get our wheat for this purpose, their wheat would be unfit for export, or have to be exported at a reduced rate. The Americans produce much more wheat than they consume, and imports from this country simply swell their exports in precisely the same ratio. If my competitor orders an article from me for a person who is occasionally my customer as well as his, I am no better off than if he had allowed the customer to have come to me directly for the article himself. In fact, I am worse off; persons who buy to sell again are accustomed to a margin called trade discount. Selling direct to the consumer is like buying direct from the manufacturer; these are the transactions in which there is most profit. England is our chief customer for wheat, and seeing this, direct exports secure the largest ultimate profit.

To place our commerce on a profitable and durable basis, we must resort to direct trade by outlets of our own. The proposed Reciprocity Treaty would be an entangling alliance, which might lead to very undesirable results. With Canada, free trade is the forerunner of annexation. It is said that the treaty of 1854 did not lead to this. There was a good reason for it. The South seceded in time to check the demand and prevent the catastrophe. Another secession might not occur, at the proper time, to save us from similar danger.

The termination of a treaty is a delicate question, when the notice proceeds from the weaker party. Had Canada been obliged to give the notice in 1864, in the temper of the American people at that time, it might have led to hostilities. Here then is the danger. If a treaty is objectionable to the States, they can withdraw at its expiration without ceremony or fear. On the other hand, if it is objectionable to us, withdrawing may be made an excuse for retaliatory measures of some kind. A small nation like Canada must not reject overtures from a large one like the States.

Belligerent demagogues might make it a pretext for forcible annexation. But, say the free-traders, England would not allow any such proceeding. My answer is this: if the treaty is adopted before its expiration, England will have little reason to care what becomes of this country. For all practical purposes, Canada will be to England a separate, or part of a separate nation. Had there been no secession of the South, no war, no war debt or termination of the treaty of 1854, British influence and British manufactures would be nearly extinct here by this time.

The proposed treaty meets with about as much opposition in the States as Canada. This is accepted, by free-traders, as a proof that the treaty is advan-

tageous to us. It is no proof at all. The treaty might be a positive injury to both countries. If A says to B, do my work and I will do yours, the proposition, if carried into effect, might result in large loss to both. This is just my view of the treaty. It might be injurious to both countries. Hence the opposition from both sides.

W. DEWART.

FENELON FALLS.

Letter 10.

From the CANADIAN ILLUSTRATED NEWS, March 6, 1875.

RECIPROCITY.—Reciprocity being rejected by the United States Senate, it may be thought by some that further discussion on the subject is unnecessary. Reciprocity is not, however, a dead issue. The question is sure to come up again. It may be our *turn* to reject it the next time, and public opinion requires to be ready for the event. Free Trade policy is to let the question alone at present; Protectionists policy is to keep it agitated. If carried at all, Reciprocity must be introduced and passed in haste. There is no doubt, therefore, that the Free Trade party will remain quite for a while, eagerly watching opportunities for future negotiation. Theirs is a policy of *surprise*. Mr. Brown's mission to Washington was a surprise to the public. His party had always maintained that Canada should not be the first to open negotiations on the subject.

However, following the example of the Liberals in England, whose example they seem anxious to follow in all things, they embraced the first chance of attempting to pass a free-trade treaty by *surprise*. Even where Acts are good in themselves, this principle of surprise is wrong. Politics should be public and deliberate. Acts affecting the public should be done openly and after full deliberation. The storming parties have been repulsed, but the siege has not been yet raised. The Free Traders will renew their assaults and *surprises* at no distant day. Protectionists, now is your time for sorties. Put the besiegers to flight. While they are unable to attack you is the time to attack them. In every age there is a liberal hobby. Free Trade is the hobby now. The leaders are a kind of enthusiasts. They have unbounded faith in their theories. They need no one to proclaim them infallible. They proclaim their own infallibility. They are men of few ideas. These ideas being once attained, they have to "step down and out," as Mr. Beecher would say. See Mr. Bright and Mr. Gladstone, for example. As soon as they cease to raise "burning questions," they loose their influence over the masses. Does it pay a nation to be agitated by "burning questions" all the time, in order that certain men may rule? The effect is obvious. The nation has little confidence in such men after all. Though it allows them to storm the works, it does not give them the fort when won. They are accounted active, but not steady.

Hence, whatever credit they derive for enlarging human liberty, the preservation of liberty is intrusted to others. Mr. Vernon Harcourt, in touching on this subject, supplies us with the best definition I have heard—"parties of sensation and politics of surprise." Radicalism is its own worst enemy. We have hardly any Reform Government, properly called. We have Radical

governments much oftener. These hold office just as long as they can stir up "burning questions" to divert public attention from other defects.

It is curious how some journals, once delighted with the prospect of Reciprocity, have changed their tune. It cannot be on account of the terms. The terms were the same at first as last. But the contempt of the American Senate, after such humiliating concessions by this country, has "raised their dander," and made them quite national. After leading the Canadian Free Trade party into so bad a trap, it seems ungrateful of the Senate to desert it at the last moment. The terms were almost as good as annexation. After this, it is doubtful if the Americans would admit us into the Union without a *bonus*. Says one journal: "Nothing now remains to us but to shape our own policy in our own way. Since it cannot be, in any degree, North American, it must be distinctively Canadian." This was the proper course from the first. "We cannot shift the wind," the opinions or prejudices of foreign governments, or people; but we can "shift the sail," "shape our own policy in our own way."

The "almighty dollar" is said to govern the States, but something more than dollars entered into their calculations in this case. Canada offered to become annexed in almost everything except the name; but, understanding their dignity, they agreed among themselves to forego these advantages, and thus treat Canada with contempt.

The time has not yet arrived to get good terms from the States. It may not arrive for a generation. It will be brought about by events over which we have no control. One of these events may occur at any time. Should a civil war again arise; should the South or West secede, then our friendship, our neutrality, and our trade will be appreciated. The Eastern and Northern States are threatened both by the South and West. Should splits of this kind occur, our intercourse with the Eastern States may become intimate and profitable. As the Union stands at present there is little chance of either an honourable or profitable treaty. If we ever get Reciprocity on a fair basis, in my opinion, it will be with the Eastern and Northwestern States as a separate nation. These States and Canada have many interest in common. They are bound together by the great lakes and the St. Lawrence. They are interested in each other as neighbours. But the other sections, namely: the South and Far-West, while filled with all the prejudices of foreigners, have no neighbourly sympathies for us at all. What sympathy have we for Mexico? Texas or California cannot have more for us. Besides, there is a great contest commencing between civilization and barbarism. The heathen Chinese will complete the degradation begun by universal suffrage and the enfranchisement of the negroes. Not all the religious, intellectual, and moral agencies in the Union can civilize the huge stream of Chinese immigration pouring into the country. The Goths did not give Italy more trouble than the Chinese may give the States. Immigration is overdone. Too much attention is paid to the quantity and too little to the quality. There is too much undesirable immigration. They invite the refuse of all countries, thinking to make themselves formidable among nations. That refuse has become formidable to themselves.

W. DEWART.

FENELON FALLS.

NOTE.—Since writing the foregoing letters, especially those in 1874, I have come to the conclusion that Free-Trade does not suit even in England.

Letter 11.

ENGLAND'S FOREIGN TRADE.

From the CANADIAN ILLUSTRATED NEWS.

The bad effects of Free-Trade on England's commerce is past concealment. The harvest of her foreign trade is evidently over. Free-traders can no longer mislead public opinion with regard to the present depression. The Board of Trade returns for October are about the worst ever issued. England has deluged the world with her manufactures, and the cause of her depression is that the demand for them is on the decline. This decline is not a temporary thing, either. English capital and labour have been largely diverted into unproductive channels by the advocacy of Free-Trade principles. England will, in the end, pay dear for any temporary advantages derived from it. Free-Trade in England is not only the cause of depression there, but of the depression which now exists in many other countries. The *London Telegraph* says the case is "of a nature to make the most determined optimist admit the fact of declining commerce and industry." Her exports were less in 1874 than 1873, and less in 1875 than 1874.

England has invested enormous sums in ships and factories, but the factories are nearly idle and the ships have little to do; but the people want bread, and those who have bread want meat, if any, of her manufactures, so the bread has to be paid for with gold. The product of English capital and labour is depreciating. This is what is the matter with England. *She has been producing articles for which an effective profitable demand has nearly ceased.* England gained a temporary advantage by having these things in advance of other nations, but the advantage is ceasing. The silk manufacturers were ruined by Free-Trade, and the machinery for that purpose became of little value. The manufacture of glass is also nearly driven from the country. American cotton manufacturers are even now sending cotton to England. English manufacturers cannot continue to import raw cotton and export manufactured cotton back to compete with American manufacturers in their own market. Hence a great part of the fixed capital of English manufacturers will be rendered unproductive.

England has great facilities for manufacturing, but trade being gone, the capital expended in creating these will be partially wasted. The time is coming when English manufacturers will be able to do no more than hold their home market in cotton goods. This will render a great deal of machinery unproductive; and many ships now employed in the cotton trade will have to find other employment. Her woollen manufactures will probably hold out longer. She is a great wool producing country; but other countries are also becoming great wool producers, and so soon as they become able to manufacture their own wool they will need English goods no longer. Canada is importing less woollen goods every year. Our own manufacturers are rapidly superseding all others, notwithstanding all the disadvantages under which they are placed. The one thing which gives them the advantage is their better judgment regarding the class of goods required. Great fears are entertained about the coal mines of England becoming exhausted; but there is a much more immediate danger than this. The foreign demand for English goods will cease long before her supply of coal.

The abolition of the Corn Laws was part of the Free-Trade policy. It was opposed by the nobility, though it was the one thing which has prevented reforms in the tenure of land. *Had the Corn Laws not been abolished, all or nearly all the large estates would have been divided up, sold, and under cultivation now. This is what would have been done to keep down the price of food.* Laws would have been passed allowing the partition and sale of entailed estates. Food might not have risen much in price, for more land would have been cultivated.

But the importation of cheap food rendered agriculture unnecessary. English farms were depreciated in value by competition with cheap lands everywhere. *Thus Free-Trade in corn has prevented Free-Trade in land.* This caused a great emigration of agricultural labourers. This emigration was just in proportion to the imports of food. England's farms are in foreign countries, and her agricultural labourers have had to go to them. Had her farms been at home, her people might also have stayed at home.

The question therefore is—does England contain enough land to feed all her people. I think there is enough, or nearly. England and Wales contain 35,264,000 acres of land. Out of this there are 31,000,000 fit for cultivation. It used to be reckoned that one-eighth was unfit for cultivation. But recent experiments in pumping and draining marshes have reduced this proportion materially, and one-twelfth would now be nearer the mark. This, therefore, would leave 32,324,334 acres fit for cultivation. But, then, there is the land occupied by buildings, roads, and railways. Allow 1,325,334 acres for these, though I consider this an excessive estimate, being over twenty-six times the area of London. Well, now, what proportion of this land is cultivated? In England and Wales there were this year 3,342,388 acres of wheat, 2,509,598 acres of barley, and 2,664,048 acres of oats. These are the principal crops, and, making due allowance for all other crops, it is evident that between the land that is partially cultivated and that which is uncultivated there is room for a vast extension of agriculture. In his *Principles of Political Economy*, page 166, J. S. Mill shows that in Flanders two and a half acres of land raise food for a man, his wife, and three children. He also shows that this is inferior sandy soil, originally reclaimed from the sea, not to be compared with land in England. At this rate, England and Wales have land enough to feed sixty-two millions of people. If we include Ireland and Scotland, where there is a much larger proportion of uncultivated land, it will make my argument much stronger. Thus England is drawing food from the ends of the earth, often at famine prices, while the best agricultural land in the world is lying waste at home. And the labour expended on the manufactures exchanged for this far exceeds the labour required to extract it from her own soil. To this extent, therefore, Free-Trade has diverted English labour into unprofitable channels. If one-third of the capital invested in merchants' ships and manufacturing machinery was employed in agriculture, it would cause a much larger and better distribution of wealth and comfort and refinement than at present. England's wealth is badly distributed, and this is mainly due to Free-Trade. There is no nation in the world, there never was one, in which the distribution of wealth was more unequal. And this unequal distribution is one of the great questions of the day, and one of the great dangers of society. By discouraging agriculture, Free-Trade has kept the large estates undivided and perpetuated the rule of the aristocracy, and in commerce it has raised up a class of merchant princes and manufacturers. It did the same thing, long ago, in Rome. After the people admitted corn free, and neglected their own agriculture, the inequality of wealth increased steadily. The time is near when men will cease to point to England in vindication of Free-Trade principles.

The *New York Shipping List*, a very ably conducted journal, alludes to the present depression in the following terms: "Many of England's best foreign customers for iron, coal, machinery, and various manufactures, are said to have become independent of her." Are the ships and machinery employed in foreign trade worth as much as her land would be if cultivated? I think not.

There are two causes which may lead to the extension of agriculture in England. One is a duty on corn as formerly. This is not likely. It is more likely to result from a decreasing foreign demand for English goods. Some foreign manufacturers are now not only underselling but excelling English manufacturers in the quality of their goods. This being the case, the purchasing power of English manufactures is becoming inadequate to supply the nation with imported food. Its manufactures are not purchasing its breadstuffs at the present time. For the last few years, large balances have had to be paid for in gold.

This is what bankers call a foreign drain. A rise in the rate of the Bank of England is the expedient used to check a foreign drain. It checks the exportation of money. It means this, "If you leave your money with us a while longer you may have higher interest." These factories and their products will depreciate in value, and what should have been done at first will have to be done at last, namely, develop the agricultural resources of the country.

England protected her manufactures till they became developed. This was right. But she withdrew all protection from agriculture. This was wrong. Her manufactures are now a drug in the market, while she pays the highest prices in the world for food. Thus we see she buys dear and sells cheap. This is burning the candle at both ends. She can do this at present just because London is the great money market of the world. Money is sent to London from all parts of the world for investment. Hence there is always a great floating capital there. This deceives people. The capital is always there, but it is not the same capital, and it is not all owned there. This is more particularly the case since the late French and German war. Before that time Paris was a great money market. The German Government has large sums of money in London. Nearly all the French indemnity was paid in London, and a great part is still there. It is this floating capital that enables England to go on, year after year, importing food and paying for a great part of it in gold. England, with all her ships and factories, should be able to pay for her food with her manufactures, and that she cannot do so proves that her labour is unproductive. Free-Trade is the cause.

If the demand for English manufactures was not on the decline, it might be safe to go on depending on imported food. But, as I have shown, England's best customers for coal, iron, machinery, and other goods, are now nearly independent of her. To hold her trade in future, wages will have to come down; and reduced wages means diminished comforts for her labouring classes. The real problem is, how will the price of wages come down while the price of food goes on increasing, as it is sure to do while the greater part of it has to be imported. Free-Trade was intended to elevate the labourer, but for the foregoing reasons it is sure to injure him.

I have said that England does not produce near all her own food, and that from the diminishing demand for her manufactures they have become insufficient to purchase it. Now, it remains to be shown how England pays for the excess of imports over exports. London is the world's banker. For example, it is said that Brigham Young has nine million dollars there on deposit. From all parts of the world money is sent to London. It is curious that money should be sent from countries where interest is high to a country where interest is low; but it is the case, nevertheless. This is the reason. One can get more money in London on demand than in any other place, because the bank that has the largest deposits can furnish the largest loans on call. It need not be the bank that has the largest capital of its own, either. English bankers lend these deposits to the British Government, to foreign governments, and to all parts of the world; *and it is out of its profits as a banker in this way that it pays for the excess of imports over exports.*

Suppose, for example, that Brigham Young *has* nine million dollars on deposit with some English bankers. This may be part of the money which is paying for the Suez Canal.

Whatever England makes in this way by being the world's banker, we know that her losses are also enormous. Take the Turkish bondholders, for example. It is not long since an association of foreign bondholders was formed, and the published statement revealed enormous losses. As I have shown, these losses are not all out of English capital. As yet, it is foreigners that are defaulters to English capitalists, but if the losses continue, English capitalists may yet become defaulters to foreign depositors. It is impossible to determine England's financial standing. As yet, she is the world's banker, and handles much more money than any other nation; but if a bank's deposits are numerous enough and large enough, it can go on doing business long after its own capital is all gone. Free-

Trade is likely to turn out a very unprofitable experiment for England. England has discouraged her agriculture, and turned most of her labour to manufactures. These have so depreciated in value as not to purchase food enough, and she has to fall back on the precarious profits of banking to make up the deficiency. A great war might, and probably would, deprive England of this business, and break up this centre of capital, or transfer it to some other place. It would hurt her in two ways. First, it would make food scarce and dear by interrupting its importation. Secondly, it would deprive her of her banking business, out of which she now makes much of the money with which she pays for the food imported. This is a very sensitive and artificial state of industry. If England was engaged in a great war, capitalists would not have the same confidence in English bankers that they have now. But war is a thing which free-traders refuse to consider in questions of this kind. They tell us that arbitration is going to supersede war in future. It is, however, my opinion that the nations which neglect to consider this question will soon have to consider the questions of foreign intervention and servitude.

England is protecting her manufacturers, all the time, on a most gigantic scale, though free-traders do not appear to know it. She is keeping up naval stations out of the public purse to keep the way open for manufactures all over the world. She goes to war with China, and compels that nation to open her ports. She keeps an army in India to protect her trade. If India afforded English manufacturers no market, would the Government risk a war for that country? If it is not for its trade, India is of no use to England. She paid the Alabama claims for the privilege of allowing her people to sell the Southern ships and munitions of war during the rebellion. She has just paid the Khedive of Egypt twenty millions of dollars for the Suez Canal, to keep the way for her manufactures open to the East. *This is protection to home manufactures, no matter under what name it goes.* But it is a kind of protection rendered necessary by the evil effects of Free-Trade. The misapplication of English labour, caused by Free-Trade, has created a vast amount of fixed capital, which must be wasted unless things like these are done; and, no matter whether free-traders or protectionists rule, this policy is now forced upon them.

The London correspondent of the *Globe* says with regard to the Suez Canal. "The bargain is a wise one, whatever may happen, though, pecuniarily, it is a losing transaction. We shall lose the interest of £4,000,000 for some forty years." But "so important is the friendliness of Egypt to us that, no matter at what cost, it must be secured."

Now, England is paying all this to protect her manufactures. She has ceased to confine the circle to her own shores, but there is, nevertheless, a circle within which she employs protective measures. She is paying for this protection just as surely as when she levied duties on imports.

The time it paid England to protect her manufacturers was while they were striving to supply the home market.

When the manufacturers become able to hold the home market against all comers, they need, and ought to have, no more protection. Further protection only creates an artificial state of industry.

Measured in labour, England is paying much higher prices for food than any other nation; and, measured by the same rule, she is getting much lower prices for her manufactures. This is the reason. Food is nowhere so cheap as where producers and consumers deal direct. But England is fed by a lot of dealers and middlemen. Thus the people pay dear for food and get little for manufactures. When we add the losses arising from bad debts on goods exported, it is apparent that great quantities of labour go for small quantities of food.

The net cash proceeds of her exports do not buy near so much food as the gross cash value of those exports would take out of her own soil, if employed in agriculture.

When one subject cheats another, it is an individual but not a national loss; but where a foreign merchant cheats a British manufacturer, it is both an indi-

vidual and national loss. It diminishes the annual value of the land and labour of a country to that extent.

What England has to sell is now nearly always a drug in the market, and what she wants to buy is a prime necessary of life. It is bad to be depending on foreign manufactures, but worse to be dependent on foreign food.

And no nation in the world can adopt Free-Trade without soon becoming dependent on one or other of these.

The price of food rises much faster than the price of manufactures when there is any fear of a scarcity.

When one goes to buy manufactured goods he can wait and higggle without serious danger, but when a scarcity of food is feared, produce dealers have to bid the prices at once that will fetch it.

It is as wrong to import food, that may be advantageously produced at home, as manufactures; it is as wrong to crush home agriculture as home manufactures. In England, Free-Trade crushes agriculture; in Canada, it would crush manufactures. This shows it doesn't suit in either place.

In France, agriculture and manufactures run in parallel lines, as it were. Both are equally protected. The consequence is that France is one of the greatest wheat growing countries in the world, and an exporter of food as well as manufactures. Her protection to agriculture has led to the partition, sale and cultivation of all the large estates, till there are now six millions of land owners in France. French economy would receive more notice if French politics were more settled. But, well or ill governed, France's wealth increases enormously. At the end of the late war the greatest financiers of the world had no conception of her resources, and she is recovering strength at a rate that no other nation could, and this is because her industry is protective. France has few drugs in the market. There is a market for all, and a profit on all her products.

W. DEWART.

FENELON FALLS, ONT.